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NEWS SUMMARY

GENERAL

Fight to rescue trapped divers

RESCUE DIVERS had last night reached the diving bell in which two divers were trapped 400 ft down in the North Sea.

The two were carrying out inspection work in the Thistle oilfield when the line linking the bell to their mother ship snapped.

An emergency support system, designed to function for more than 24 hours, remained intact and the men were said to be well and in contact with the ship.

Foot 'destroyer'

Dr. David Owen accused Labour Party leader Michael Foot of destroying the Party by compromising over constitutional reform.

Emergency stays

Zimbabwe renewed the 15-year-old state of emergency for six months, despite protests from former Premier Ian Smith's party.

Guilty of murder

Andrew Maher, pleaded guilty to murdering alleged drug trafficker Martin Johnstone, whose handless corpse was found in a Lancashire quarry.

Poniatowski vote

A French commission of inquiry decided not to impeach former Interior Minister Michel Poniatowski for his part in a murder scandal. Page 4

Petrol down again

Fierce competition has meant two big oil companies have been unable to maintain the petrol price rises introduced last week. Back Page

Crew can sell ship

The crew of a Panama ship who had it arrested because their wages were not paid, were granted an order for its sale. Page 6

Crash kills three

Three died and 15 were hurt when a Rome-Reggio Calabria train was derailed by a landslide.

Coral casino sold

Coral Leisure Group sold its last London casino to Kent zoo owner John Aspinall. Grand Met probe, Back Page

'Split breweries'

Campaign for Real Ale urged the Government to split up the big six national breweries. Page 6

Pilot dies

A pilot was found dead in the wreckage of his light aircraft near Hull.

Big fine on boat

Ecuador fined a U.S. tuna boat a record $1.2m (£511,000) for allegedly fishing in its waters without permission.

Sunday paper

George Outram said it would launch a Scottish Sunday newspaper in April. Page 8

Deaths 'unlawful'

Four passengers were killed unlawfully and the pilot died accidentally in a Biggin Hill air show crash last year, an inquest jury decided.

Stayawaydays

Portugal holds the record for absenteeism — 15 days a year per worker — its Finance Minister said.

Briefly . . .

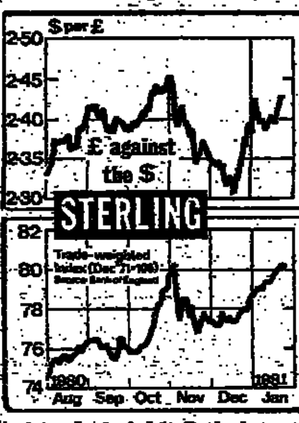
Cuba's oldest resident, Francisca Cambert, died at 145.

U.S. Senator Edward Kennedy and his wife Joan are to part.

BUSINESS

Sterling at $2.42; gold up $13

● STERLING reached its best closing level for more than two months up 90 points at $2.4285.



Its trade-weighted index was unchanged at 80.2. Page 29

● GOLD rose $13 an ounce to close at $577.5. Page 29

● DOLLAR trading was clouded by uncertainties over Iranian fund use. It finished at DM 1.9925 (DM 1.9990) Y199.2 (Y200.6) and SwFr 1.8090. Its trade-weighted index was 86.3 (86.8). Page 29

● GILTS maintained their firm trend. The FT Government securities index closed at 68.72 (68.53). Page 40

● EQUITIES: Interest remained small in many leading shares. The FT index was up 3.1 at 461.7. Page 40

● WALL STREET was off 5.03 to 945.65 near the close. Page 34

● POLAND is to receive a further £36m of officially backed credit from the UK. Back Page

● ESSO may build a £500m fuel oil conversion unit at its Fawley refinery near Southampton. Back Page

● SHELL UK chairman and chief executive John Raisman called for a plan to channel North Sea oil revenues into UK industry. Page 6

● EEC UNEMPLOYMENT reached record levels in December, 27 per cent higher than at end 1979. Some 7.9m, 7.2 per cent of the labour force, were jobless.

● BRITISH AEROSPACE will produce the Jetstream 31 light transport despite a Ministry of Defence decision not to buy the aircraft.

● UK motor product manufacturers are compiling a dossier of hidden trade barriers, particularly in the EEC. Page 4

● HIGH STREET banks are co-operating to reduce the high level of the unbanked population. Page 8

● LONDON TRANSPORT is to get £180m from the GLC for transport programmes in the capital.

● TRUSTHOUSE FORTE, hotel, catering and leisure group reported pre-tax profits down from £68.2m to £66m in the year ended October. Page 26; Lex, Back Page

● UNION DISCOUNT Company of London reported increased net profits from £2.08m to £3.35m for 1980. Page 26; Lex Back Page

● LOOKERS, vehicle distributor and engineering concern, reported a drop in pre-tax profits from £2m to £936,811 for the year to end-September. Page 27

● CRYSTALATE HOLDINGS, electronics and plastic mouldings manufacturer, launched a £2m rights issue. Page 28

● ARGYLL FOODS completed funding arrangements for its £19.5m purchase of Oriel Foods from RCA International Finance. Page 28; Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 13pc 1990	£96½	+ ½
Treas. 15½pc 1998	£112¼	+ ½
AGB Research	237	+ 12
Anglia TV A	80	+ 5
Ashley Ind.	56	+ 7
Assd. Fisheries	58	+ 4
Blue Circle	342	+ 6
Bowater	187	+ 7
Centreway Trust	98	+ 13
Crystalate	70	+ 4½
Haden Carrier	191	+ 14
Legal and General	205	+ 12
Leigh Interests	158	+ 7
Lookers	39	+ 4
Manson Finance	68	+ 10
Pearl Assurance	412	+ 10
Plessey	270	+ 7
Ready Mixed Cnrt.	164	+ 6
Royal Ins. New	25pm	+ 10
Saatchi and Saatchi	272	+ 14
Trusthouse Forte	193	+ 11
Unitech	250	+ 10
UDT	53	+ 3
Utd. Scientific	300	+ 17
Silkolene	279	+ 24
Allstate Explor.	75	+ 5
Charter Cons.	215	+ 13
Cons. Gold Fields	490	+ 17
Marievale	206	+ 20
Mid. Witwatersrand	790	+ 30
North Kalgurli	71	+ 5
President Steyn	£17	+ 1½
RTZ	403	+ 8
FALLS		
Asscd. Leisure	123	− 3½
Brit. Aluminium	115	− 10
Camford Eng.	25½	− 3½
Jardine Matheson	198	− 13
BP	394	− 10
Intnl. Mining	73	− 5

State Department draws veil on hostages' captivity conditions

BY STEWART FLEMING IN WIESBADEN AND KEVIN DONE

THE U.S. State Department threw a virtual veil of secrecy yesterday over the conditions in which the 52 American hostages were kept in captivity for more than 14 months in Iran. It refused to discuss their present physical and mental health.

In the first public briefing since the hostages were brought out on Tuesday, Mr. Jack Cannon, deputy spokesman in the U.S. State Department, declined to comment on statements yesterday by Mr. Lloyd Rollins, one of the small group of hostages released in 1979 shortly after the embassy seizure, which said that some women captives were tortured in the first days by being subjected to "Russian roulette" by their captors.

Mr. Rollins said in an interview with NBC News that, again early in their ordeal, some hostages were strapped to tables and had weapons brandished at them.

Relatives who had spoken to the hostages by telephone said that at least two were physically mistreated by their captors.

The family of Mr. Malcolm Kalp said that he was beaten and kept for more than a third of the time in solitary confinement after he made several attempts to escape.

Though some hostages knew for several days that they were due to be released, others learned only 20 minutes before take-off from Tehran that freedom was imminent.

Release brought all 52 together for the first time since they were taken captive. On the flight to Algiers they walked up and down the aircraft, talking in groups, and questioned the crew about events during the time they were held.

The first official comment on the hostages' suffering came little more than three hours after the two grey-and-white C9 "Nightingale" hospital jets of the U.S. Air Force touched down to an emotional welcome at the U.S. Rhein-Main air base, Frankfurt.

After their dramatic 18-hour, 3,300-mile flight to freedom, the hostages were met in the still dark early hours of a biting cold winter morning by Mr. Cyrus Vance, U.S. Secretary of State at the time of their seizure in November, 1979.

Mr. Vance embraced the first hostages to step down to the icy runway against a background of cheers from a crowd of two or three thousand men, women and children, mainly U.S. servicemen and families, who converged on the base from all over Europe. Some stood through the night waiting for this moment.

Many waved flags and banners proclaiming "Free at Last," "Welcome Home. America Loves You."

Yellow ribbons—symbol of the homecoming of prisoners—were everywhere: draped from the control tower and pinned on the uniforms of the servicemen and their families who met them. Even the green parkas issued to the hostages each had a ribbon.

As Mrs. Dale Guerra, wife of a U.S. forces captain on duty in Saudi Arabia, explained: "We are just waiting for the people we have been praying for 14 months to come home. It could so easily have been us."

Another, himself a Vietnam

Continued on Back Page

Iran begins to pay off Western borrowings

BY MICHAEL LAFFERTY, JOHN MAKINSON AND DAVID MARSH

IRAN APPEARS to be severing its links with a large part of the Western banking system. It has started to pay off nearly all its outstanding borrowings from international banks.

The move, unprecedented for a country which had been a big borrower in the mid-1970s, has come as a big surprise to many banks—including some of the U.S. banks whose loans were involved in the hostage deal.

The hostage deal this week has released Iran's frozen dollar assets totalling $11bn (£4.5bn), but after making repayments and allowing for other claims to be settled, Tehran may emerge from the settlement with less than $3bn in ready cash.

The general reaction of London bankersto the hostage deal was that U.S. and international banks had done very well.

Iran's decision to pay off virtually all its borrowings from bank consortiums was apparently arrived at only late last week. It was a crucial factor smoothing the way for the eventual unfreezing of Iran's blocked dollar assets this week.

The UK has lifted sanctions on trade with Iran. Arms sales will remain the subject of individual exports licences. Page 2

American banks had been pressing hard for full repayment throughout the hostage negotiations, but were surprised when the U.S. Treasury came to support their position and Tehran aceded to their request.

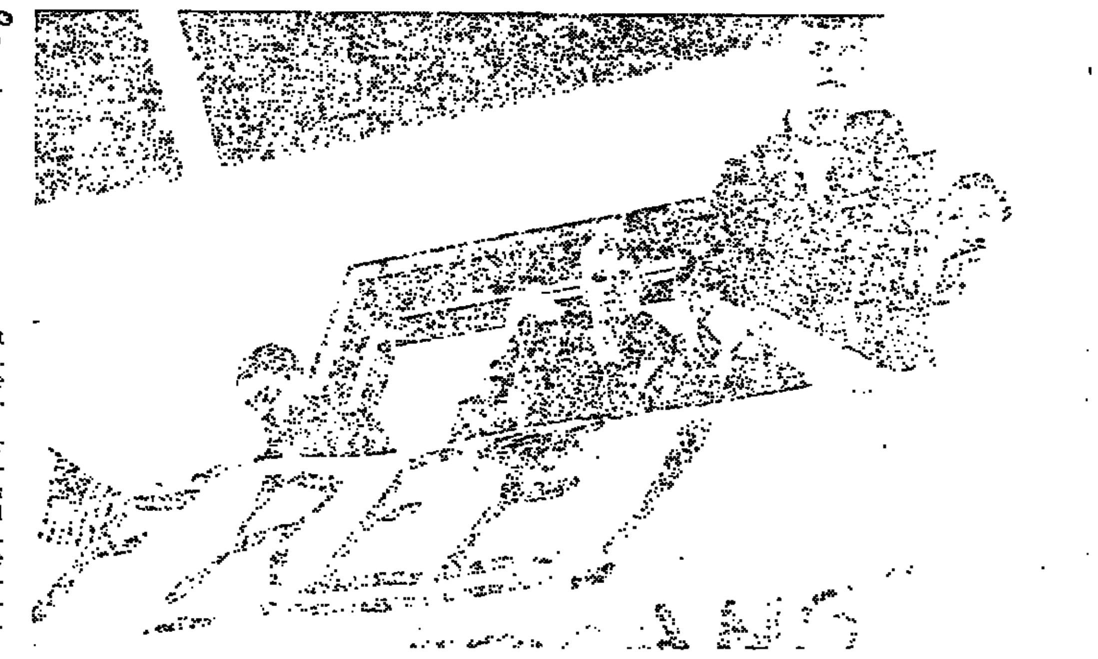
Under the hostage deal it had been assumed that only those loans with heavy U.S. bank participation would be repair from the special accounts of unblocked assets held at the Bank of England.

But yesterday it emerged that some, but not all, non-U.S. banks, including several in the City, are also being offered repayment of outstanding loans.

One senior London banker said yesterday that Iran appeared to be trying to "draw an Islamic veil over its financial affairs." He described a scene, which must have been the same in many other major international banks, in which numerous telexes offering loan repayment were coming in.

Backing up the impression that Iran is drawing in its horns, Mr. Ibrahim Bahmaie, London manager of Bank Saderat, one of Iran's leading banks, said yesterday he did not expect Iran would need to borrow from foreign banks this year. At the Financial Times Euromarkets conference he said the return of Iran's frozen assets together

Continued on Back Page



Four freed hostages autograph newspapers for well-wishers on a terrace of the U.S. Airforce Hospital at Wiesbaden

Threat to shut Grain site

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. JOHN BALDWIN, the general secretary of the Amalgamated Union of Engineering Workers, construction section, said yesterday that if agreement was not forthcoming shortly on the insulation work at the Isle of Grain power station, the station's client, the Central Electricity Generating Board would shut the site down.

Talks on the TUC's formula to end the inter-union dispute on the site have, so far, failed to win agreement.

At the same time, the issue at the heart of the dispute, the insulation, or lagging work on the station's unit three, must shortly begin if Grain is to meet its target of coming on stream in the latter half of next year.

The sticking point between the major unions involved is the refusal by the General and Municipal Workers Union, which traditionally organises the laggers, to supply labour for unit three, while the "trainee" laggers, brought in last year to insulate unit one, remain on site.

On the other side, the AUEW and the Electrical and Plumbing Trades Union refuse to countenance the dismissal of the 54 trainees, while the CEGB refuse to offer large severance payments to them. Other workers on site in turn refuse to allow them to be redeployed.

Mr. Baldwin and Mr. Eric Hammond, an EPTU executive councillor, visited the site last week and spoke to shop stewards. Mr. Baldwin said that worries over future work were such that workers "would take the matters into their own hands" if agreement was not reached, and insist that the trainees do the lagging work on unit three.

However, the GMWU has been able to persuade its laggers to accept the bonus ceilings common to the rest of the site. It has signed agreements with lagging contractors, ready for the insulation work on unit three to begin.

The CEGB is now considering tenders for this work, and is expected to announce them shortly. Only then will a decision on which workers will be employed be made.

The Board believes that the intense behind-the-scenes efforts of Mr. Len Murray, the TUC General Secretary, may yet pay off. However, it is under severe cost pressure and has shown that it is not prepared to compromise on its demand that lagging work be continuous, if the site is to be kept open.

New Electricity Council chairman. Page 8

Rate of earnings growth slows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of average earnings is slowing sooner and more rapidly than expected as the lower level of wage increases in the current pay round works through.

This trend is indicated by the average earnings index for November published yesterday by the Department of Employment.

Similarly, the Confederation of *British Industry's Pay Databank* points to a continuing deceleration with about two-thirds of the settlements reached in December giving only single figure increases.

The official figures show that the underlying increase in earnings in the year to November was about 19 per cent. This compares with 20 per cent in October and 21.5 per cent in September.

Most of the drop in the underlying rate in November can be explained by the lower level of recent settlements. This is in contrast to the previous month when the decline was principally because of the impact of the recession.

Over the 12 months to November these cyclical influences reduced the earnings index by about 3 per cent. The number of overtime hours worked per week dropped from 15.1m to 8.8m while the hours lost through short-time working jumped from 941,000 to 7.4m.

The significant feature of the latest figures is the impact of the lower level of pay rises especially as probably only 10 per cent of workers settled by the end of last year.

As more deals are agreed during the next few months, and the staged comparability awards drop out of the comparison, the 12-month rate should drop substantially. But there could be a hiccup in the next month or two as a result of large back-dated payments for 600,000 local authority non-manual workers.

The main slowdown has been in manufacturing which has been hardest hit by the recession. The CBI Pay Databank—based on a representative sample of manufacturing companies—shows that the level of rises dropped from an average of more than 16 per cent in July to about 10 per cent in October and into single figures in November and December.

The detailed figures show the official index covering 21m employers in the whole economy rose by 18.7 per cent in the year to November to 192.5 (1976=100, seasonally adjusted). This compares with a 12-month rate of 20.1 per cent in October.

The older index covering 11m workers mainly in production industries rose by 16.2 per cent in the year to November to 474.3 (January 1970=100). This compares with a 16.9 per cent growth rate previously.

The index of nationally negotiated basic weekly wage rates of manual workers rose by 13.3 per cent to 366.4 (July 1972=100) in the year to December. This compares with a 14.7 per cent rate previously.

Electricity bills may rise 16%

BY MARTIN DICKSON, ENERGY CORRESPONDENT

ELECTRICITY PRICE rises of 10 to 12 per cent for domestic customers and 15 to 16 per cent for industrial users are being proposed by area electricity boards for the year beginning on April 1.

These figures are named by the boards during annual price consultation with their electricity consumers' councils—state-backed, consumer watchdog bodies. Although not final, they give a good indication of the price rises likely this year.

The proposals could add heat to the current controversy over the price paid for energy by British industry compared with its continental competitors.

Industrial prices have risen by some 20 per cent during the past year. The last domestic price increase was 10 per cent in August—on top of a 17 per cent rise last April.

The boards hope that there will be no need for additional price rises in the year to April, 1982. But with the price of coal—the most important element of the industry's fuel bill—likely to rise again at the end of this year, following a November miners' pay settlement, they may not be able to attain that goal.

The percentage increase proposed for domestic consumers is smaller than that for industry, because of the different methods used to calculate their bills.

Industrial customers' bills are adjusted regularly to incorporate fuel price rises as they happen—the so-called fuel cost adjustment. Domestic rates are fixed to take account of expected fuel price increases, and during the past year these increases have been lower than forecast. The 1981 domestic price rises would therefore incorporate an effective fuel rebate for 1980.

The move will be welcomed by the consumers' councils, which have been urging the boards to take such a step.

Price increases are also due in April for domestic and small commercial users of gas. British Gas is expected to raise prices broadly in line with the rate of inflation — and to impose a further 10 per cent increase late in the year.

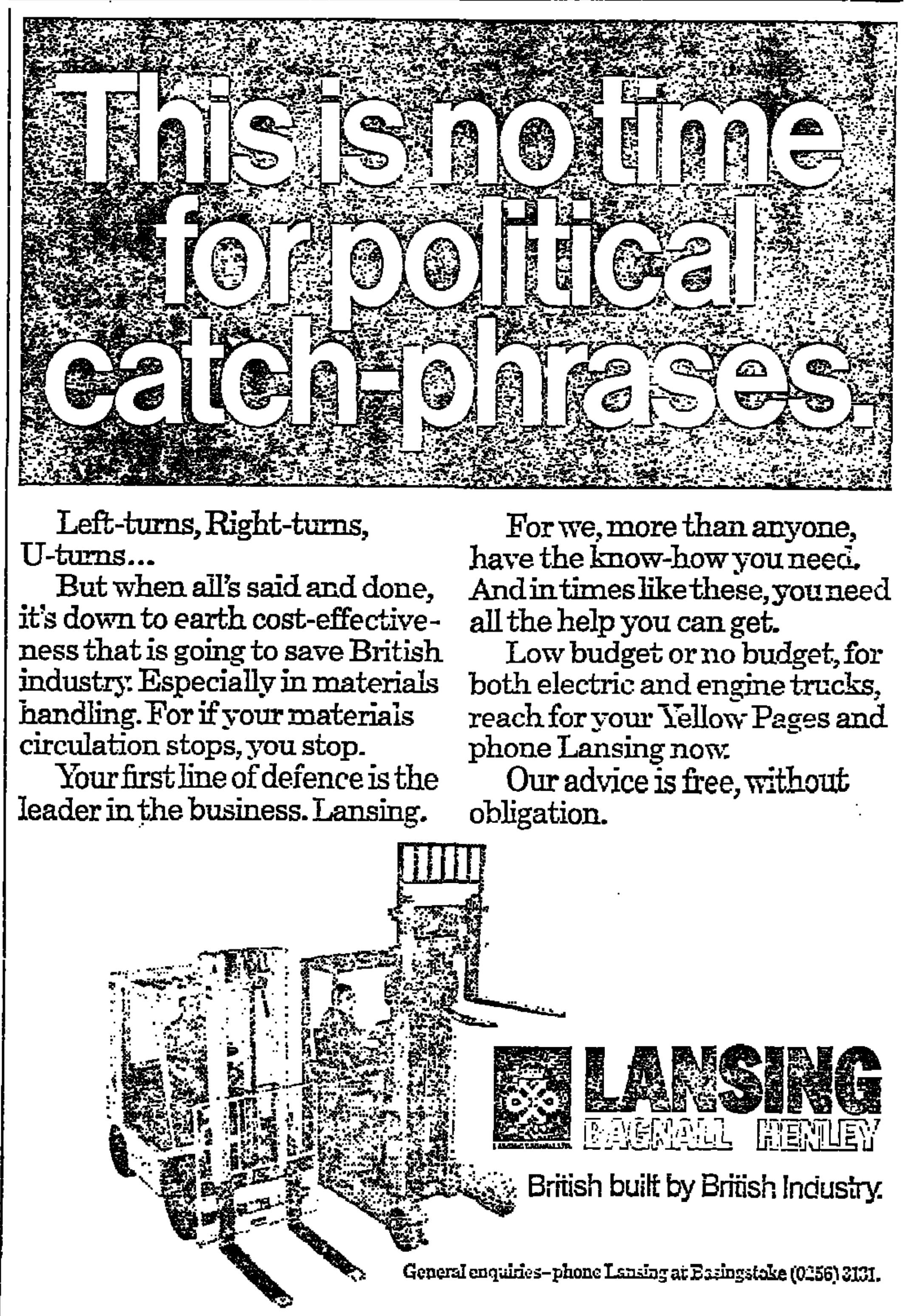
● Mr. David Howell, the Energy Secretary, warned the Commons yesterday that price increases for domestic and industrial gas and electricity users were on the way as the effects of oil price rises and the Iran-Iraq war worked their way through the economy.

He stood by his philosophy that the Government should not intervene to keep industrial price rises down.

Power price rises soon, Page 9

£ in New York

—	Jan. 20	Previous
Spot	$2.4250-4265	$2.4090-4110
1 month	1.05-1.15pm	1.15-1.25 pm
3 months	2.60-2.79 pm	2.80-2.90 pm
12 months	4.80-5.00 pm	5.10-5.30 pm



CONTENTS

For latest Share Index phone 01-246 8026

U.S. tells courts terms of pact

By David Lascelles in New York

THE U.S. Justice Department yesterday set about notifying courts throughout the U.S., where companies are suing for compensation from Iran, about the terms of the settlement of the hostage crisis—including the fact that these claims are being transferred by Presidential order to the International Arbitration Court.

At the latest count there were about 330 claims involving more than 3,000 litigants. While the total amount they are claiming cannot be calculated, it is thought to run into billions of dollars.

The agreement provided for President Jimmy Carter to sign 10 executive orders transferring all these claims to the International Court of Arbitration, which will be one-third American, one-third Iranian and one-third neutral.

Iran has pledged to set up a $1bn (£416m) fund to settle claims, and to keep it at a minimum $500m as claims are paid out.

Satisfaction of the litigants' claims—which seem highly inflated in some cases—therefore seems to depend on Iran's readiness to abide by the terms of the agreement. This is something which some litigants are inclined to doubt, given the bitterness of the past 14 months.

Some litigants may therefore challenge the President's right to transfer out of the U.S. assets which had already been attached by a U.S. court.

So far as is known, there is no precedent for this, so it opens up a whole new field of legal controversy. Mr. Benjamin Civiletti, Mr. Carter's Attorney-General, cited several legal bases for the President's action, including the Emergency Economic Powers Act of 1977.

None of the major litigants, who include big corporate names such as General Motors, GTE, and Xerox, were willing to comment on the settlement yesterday, or to predict how they might respond.

Two further factors complicate the issue. One is the provision in the agreement that companies cannot go to arbitration on contracts that specifically provided for disputes to be settled in Iran.

The other is the Majlis' (Iranian Parliament's) position that it will not consider claims for compensation on contracts that were not approved by the Iranian Government.

How the London link wrapped up the deal

BY DAVID TONGE

SHORTLY after dawn on Tuesday—at 7.25 am to be precise—the telex in a suite of offices on the 15th floor of a skyscraper building in the City of London sprang into life.

Over the next 35 minutes, a series of garbled message transmitted payment orders from the Central Bank of Iran for the sum of $5.5bn.

This was the signal that the final element wrapping up the hostage deal was beginning to fall into place.

For the bankers and lawyers crowding round the machines in the offices of Coward Chance, the London solicitors representing Citibank—one of the U.S. banks with major loans to Iran—the end of five hectic days and nights of non-stop negotiations was at last in sight.

The nine formal meeting rooms on the floor below, richly carpeted and with modern furniture, had hosted the London end of the remarkable parallel negotiations which formed an essential part of the settlement to free the 52 American diplomats.

It was there that Stephenson Harwood, Bank Markazi of Iran's solicitors, had negotiated on behalf of the central bank of the Islamic Republic with the 12 major U.S. banks, on the vital mechanisms for implementing what may well have been the single biggest financial transactions of modern times.

The offices at Royex House in Aldermanbury Square in the City of London were a vital link in the chain which began in Algiers where the American negotiating team worked out the release of the hostages with the help of the Algerian Government.

It was in these offices, which maintained links with a parallel crisis centre in New York, that the fine detail of how the billions of dollars would be transferred was negotiated.

This U.S. centre was in the offices of Shearman and Sterling, th lawyers of Citicorp, in the Citicorp building in central Manhattan.

The whole process started last Thursday morning. That day, a further court hearing was due in London in the litigation between Bank Markazi and five U.S. banks over some $3bn of Iranian assets frozen in London in November 1979 by President Jimmy Carter. Instead, lawyares began to fly in from the U.S. and converge on Coward Chance.

Their activities were co-ordinated by Mr. Anthony Willis, a partner at Coward Chance, who had been handling the Iranian litigation of Citibank.

It was not the first occasion the U.S. Government had involved the banks. Both at the time of the U.S. Presidential elections in November, and around Christmas, a deal appeared on the cards, according to lawyers involved.

Initially, the basis of the deal was that the Iranian Government and the banks would restore the situation to that prevailing at the time the assets were frozen.

Loans were to be reactivated, interest paid and business to go on as usual. But by the weekend, the whole structure changed, and Iran decided it wished to settle its debts and close its accounts, according to those involved.

One participant said that all the arrangements were finalised on Sunday and that the orders from Bank Markazi which would mark the beginning of the deal could have been sent any time after that.

In the event, the governments signed just before 8 a.m. London time on Monday. But by noon, the banks began to realise something had gone wrong.

The pretext for the problem was a short annexe which had apparently become separated from the main body of documents signed in Tehran by Mr. Mohammed Ali Rajai, the Iranian Prime Minister. A last-minute "footling change" had caused a delay in its transmission from Algiers, one lawyer involved said.

At this stage, the Iranians, through their lawyers, dug in their heels.

Only at around 8 pm—just when the rest of the world was beginning to understand that something was seriously amiss—were Stephenson Harwood given instructions to seek a revised form of wording close to the original one.

Intense negotiations finally led to the discreet London talks reaching the agreement necessary for progress in the capitals of Tehran and Algiers on which the world was focusing.

Up to 60 lawyers, bankers and support staff had been working through the weekend in Coward Chance's offices. For many of these, Tuesday was to prove the third night when they went virtually without sleep.

At 5 am the telex lines were opened to Tehran and what proved to be a further anxious vigil began.

Finally, 2½ hours later, the payment orders triggering off the deal began to trickle through. Why had the last hitch occurred? "Undoubtedly, just to throw a final spanner into Carter's plans," one lawyer commented.

Bani-Sadr denies he knew of talks

By Terry Povey in Tehran

SEVERAL of Iran's leaders yesterday congratulated the Government on the way the hostage issue had been brought to a conclusion.

But President Abol-Hassan Bani-Sadr issued a statement denying all knowledge of the negotiations in the last week that led to Tuesday's release of the 52 diplomats.

Yesterday—the day after the U.S. diplomats were freed—passed quietly in Iran, with many of Tehran's newspapers carrying photographs of them boarding the Algerian plane and headlines speaking of Iran's "victory over the U.S."

Mr. Hashemi Rafsanjani, speaker of the national Parliament, said that the "capturing of the spies had ended in the manner wished by the Parliament."

He thanked the militant students, who to the last minute remained the captors of the diplomats, and the Government which he said had worked "very skilfully and diligently."

Mr. Rafsanjani said that Iran had made economic gains from the hostage-taking and through it had learned the lesson of the need for self-sufficiency. Iran, "when its government and people decided to resolve the issue, was not deterred by American plots and tricks."

In a move indicating that arguments over the hostages will continue, the Office of the President yesterday issued a statement denying comments by Mr. Behzad Nabavi, the chief negotiators, that President Bani Sadr had been kept informed of all the discussions.

After saying that the President had known nothing of discussions that took place since January 10, the statement concluded: "Claims that the President has known about the course of events are totally unfounded and hereby denied."

UK sanctions revoked Page 9

Observers feel that this statement, together with earlier remarks in the President's own newspaper suggesting that the final sum Iran would obtain from this settlement will fall far short of the $24bn originally soguht, indicates that the agreement that led to the hostages' release will become in time the subject of fierce internal argument.

Support for the settlement of the hostage problem was also expressed yesterday by Ayatollah Saddeq Khalkhali, Iran's roving revolutionary judge, and by the staff of an important theological centre in the Holy City of Qom.

Ayatollah Rubskah Khomeini, the country's revolutionary leader, sent a message to the nation yesterday. Without making any reference to the resolution of the hostage problem, the Ayatollah clearly chose this opportunity once again to appeal to the warring politicians to make peace with each other.

His statement emphasised that all those in the armed forces, regular and irregular, should "obey their commanders." If they did not or "if they deserted from the war fronts," they would be "prosecuted in this life and the next."

At the end of his speech, Ayatollah Khomeini referred to "the last days of my life," and urged the people to ignore differences and stay united behind the revolutionary cause.

Freedom—and a U.S. public relations headache

BY KEVIN DONE AND STEWART FLEMING IN WIESBADEN

FREED hostages crowd the steps from their rescue aircraft at Rhein-Main air base. Top left, Marine guard Steven Kirtley tastes freedom for the first time in 14 months.

ARE THE 52 U.S. hostages now recuperating in West Germany to be seen as returning "prisoners of war," as President Ronald Reagan referred to them during his inauguration celebrations? Or are they, in the carefully chosen, neutral words of Mr. Jack Cannon, the U.S. State Department Deputy Spokesman, "returnees"?

The different language used by the new President in Washington and by the State Department in its first official briefing of the world's press in Wiesbaden, shows the domestic and international political dilemmas facing the US in the first hours after the resolution of the hostage crisis.

The doctors now tending the former hostages cannot yet know how public discussion of their experiences will affect them. But the U.S. now has to decide what sort of relations it can have with Iran, a pivoted Middle Eastern state. How the hostages or "returnees" and their experiences are presented to the U.S. people, and to the Iranian people, will clearly have an influence on these future relations.

A neutral stance is clearly the safest option. In his first official statement, Mr. Cannon's criticism of the Iranians was muted. "I hope we can erase the word hostage from our vocabularly," he said. He added the hope "that the perpetrators will erase it from their behaviour."

Finally, there is the issue of public opinion at home. Do the American people want their President now to vent their anger and frustration against Iran, and dig the the gulf between the two countries deeper? Or does Mr. Reagan want to keep his options open and allow passions to cool in the hope of a more productive relationship between the two countries?

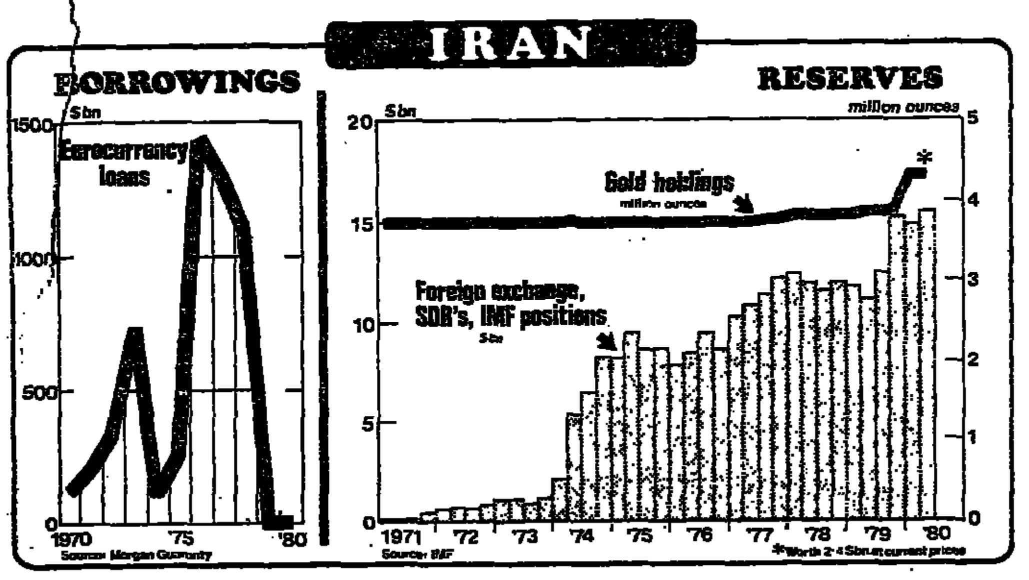
It is striking that, with a new Administration already installed in Washington, it is the appointees from the old Carter Administration who still seem to be taking the lead in defining the former hostages' image

At yesterday's briefing, the questions were about what the hostages had eaten on their journey from Tehran to Frankfurt—the answer was turkey—and the colour of the flowers in their bedrooms in the Wiesbaden hospital—which are red, white and blue.

Asked about how they had behaved as the aircraft became airborne over Tehran, Mr. Cannon said he had one anecdote to tell. "They all loosened their seatbelts and rapped together in a great communal get-together."

Mr. Cannon's low-key description of the scene captures little of the emotion which is said to have overwhelmed the hostages, some of whom knew nothing of their release until 20 minutes before take off.

True freedom will come only when they are back with their families in the U.S., away from the public eye. Asked if the hostages could choose to return to the U.S. independently, Mr. Cannon remarked: "American citizens are free men and women."



Iran unlikely to return to banks this year

BY JOHN MAKINSON

IRAN IS not expecting to begin borrowing from foreign banks again this year, despite its need to finance high-technology imports for its oil and gas industries.

Mr. Ibrahim Bahmaie, London manager of Bank Sederat Iran, told the Financial Times Euromarkets conference yesterday that the return of Iran's frozen assets, together with rising oil exports, would help the country finance imports from internal sources.

Iran is nevertheless clearly concerned to keep the door open in case it needs to resume a policy of borrowing abroad. Bankers in West Germany report that the country has been punctilious in paying them interest during the assets freeze.

Under its agreement with the U.S. Iran has repaid dollar syndicated loans amounting to $3.7bn and bankers estimate that this may leave only a few hundred million dollars outstanding. Most of this is made up of credits syndicated principally among German banks. Iran has apparently not yet decided whether it will repay these loans ahead of time.

Iran also has several Eurobonds outstanding, which are not expected to be affected by this week's deal. They have, however, risen considerably in value since the settlement was reached.

In the City, British bankers seemed relieved and slightly surprised that all their syndicated loans to Iran were being repaid immediately.

David Tonge adds: The law suits between Iran and the U.S. banks in the European courts are expected to end in the "next few weeks," according to one lawyer involved in the London negotiations on the financial arrangements of the deal.

"Formal arrangements to conclude the litigation will no doubt be made," according to the solicitor of one major U.S. bank. The issues raised in the litigation were no longer "live."

In London Bank Markazi is cleaiming the release of $320.9m from Chase Manhattan: $1.79bn from Bank of America; $415.6m from Manufacturers Hanover Trust; $332m from Bankers Trust and $175m from Citibank.

Other suits are also pending in London, Paris and West Germany, were Morgan Guaranty and Citibank have frozen Iran's 25.01 per cent stake in the Krupp holding company, Fried. The problems of Iran's stake in Eurodif, the international uranium enrichment concern, were not affected by the original freeze or Monday's deal.

OTHER OVERSEAS NEWS

Jews abroad attack Israel's policies

BY DAVID LENNON IN TEL AVIV

A REPORT commissioned by the World Jewish Congress and released in Jerusalem this week, sharply attacks one of the basic tenets of Zionism—that all Jews should immigrate to Israel.

In one of the harshest criticisms directed at Israel to date, the report says that the classic Zionist ideology that Jews living outside Israel are in exile is no longer in touch with reality.

Mr. Edgar Bronfman, the congress chairman, said in an interview: "Israelis will have to understand that the diaspora is here to stay and that a majority of the Jewish people will remain outside Israel."

Mr. Bronfman, chief executive officer of the Seagram Company, decried the fact that "Israel no longer has the idealism it had in the 1960s" and added: "I do not think that my children or my grandchildren will ever move to Israel."

Controversy is expected to erupt over the report, prepared during the past two years by a special commission including leading U.S. businessmen and Israeli industrialists and bankers.

Publication of the report underlines what it describes as "grave doubts and concerns" about Israel's policies among Jewish communities abroad, and the "increasing strains" in the relationship between Israel and the diaspora.

Rejecting Israeli demands that Jews abroad should keep their criticism of the Zionist State private, the report contains a stinging broadside against many aspects of Israeli political and social standards.

FT Conference: India as a world trading partner, Page 5

Israel's policy of settling Jews in the occupied West Bank is described in the report as "extremely parochial obtuseness."

Its political scene is labelled "factional, contentious, unstable and generally unseemly" and the electoral system as "incapable of resolving basic issues."

The "growing materialism" of Israeli society "has hastened the erosion of the old ideals and Jewish values centring on the idea of social justice."

The report also says that Jewish communities abroad are upset by the "religious monopoly" exercised by the orthodox rabbinate in Israel.

Concern at new violence in Lebanon

By Ihsan Hijazi in Beirut

A SHARP rise in violence against the United Nations peacekeeping force in southern Lebanon is causing concern to the Lebanese Government and UN officials.

The 6,000-man force was yesterday on maximum alert after its Fijian battalion was involved in a clash lasting several hours with what a UN official described as "armed elements."

The phrase ordinarily refers to Palestinian guerrillas and their Lebanese Left-wing allies.

While discussions between UN officers and leaders from the Palestine Liberation Organisation were under way to end the tension, the "armed elements" had attacked four outposts manned by Fijian soldiers in the Tyre district, the UN official said. No casualties were reported.

The incident follows the killing of three soldiers from the UN force's Senegalese battalion earlier in the week near a village in the Tyre region.

A UN official said the three had been shot at close range with pistols. The same day, a Fijian soldier died in hospital from wounds received when his outpost was bombarded, reportedly from Palestinian positions.

Japan runs up record $10.8bn current account deficit

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN ran up a record deficit on the current account of the balance of payments of $10.8bn (£4.5bn) in 1980, according to preliminary figures from the Finance Ministry.

The gap in the current account was $2bn larger than in 1979 reflecting a growing deficit in Japan's invisibles trade.

The merchandise trade account for the year was in surplus by a modest $2.077bn. Imports and exports were both up by 25 per cent over the previous year to all-time highs.

As expected, Japan's customs-clearance trade surplus with the European Community topped $9bn. Its fob exports to EEC countries jumped 36.1 per cent while cif imports from the EEC rose 7.6 per cent. But U.S. exports to Japan grew at a slightly faster pace than its imports from Japan. Trade, however, was still in Japan's favour by about $7.4bn.

Sluggish imports of oil, and a recovery in exports, had resulted in a turnaround in the current account from a deficit to surplus toward the end of 1980.

The final quarter showed a surplus of $525m against nearly $6bn deficit in the first quarter. In December, the current account registered a surplus of $1.2bn.

December may actually prove to have been a peak for the current account for some time to come. According to the Ministry, after adjustment for seasonal factors, the December current account was nearly in balance.

It is believed that the latest surge in the value of the yen will cut into the volume of exports in coming months while imports of crude oil and other key commodities rise in price.

The most dramatic change in Japan's international payments positon over the past 12 months was in the long-term capital account.

This recorded the first net inflow in 16 years ($1.881bn) compared with an outflow of $12.618bn in 1979.

The turnaround was due almost entirely to a surge in foreign investment in Japanese securities."

The net foreign inflow of capital in Japanese stocks was $6.6bn, while the investment in bonds amounted to an inflow of $5.33bn.

Pro-Government newspapers join S. Africa protest

BY QUENTIN PEEL IN JOHANNESBURG

ALL THE leading pro-Government newspapers and major publishing houses in South Africa yesterday joined the condemnation of the Government decision to ban the country's two leading black newspapers, the Post and the Sunday Post.

One leading Afrikaans-language nationalist newspaper, Beeld, described the decision as "inexplicable," and another, Die Burger, said the refusal by Ministers to explain the move was "regrettable."

The threatened ban—which was never formally carried out because the Government prevented the two newspapers from publishing for a technical offence—was also attacked by the Newspaper Press Union.

The most outspoken criticism came from the Johannesburg newspaper Beeld, which is normally a close supporter of Mr. P. W. Botha, the Prime Minister. "As regular and critical readers of the Post newspapers we know of no clear reason apparent from the newspapers themselves which obliges a State to take such crass action," the newspaper said. "The effect of this will be strongly negative. It will increase doubt concerning the genuineness of the State's reforms."

Die Transvaler, the official party newspaper of the ruling National Party in Johannesburg, argued that the Government should have given reasons for its action. "Black newspapers, even if they are left wing, are . . . still cogs in the democratic machine," the newspaper said in an editorial.

"They serve as an essential window on black opinions, and as a barometer of the stirrings in a community not easily visible to the white population."

The NPU, which yesterday submitted evidence to the Government's commission of inquiry into the Press, chaired by Judge Marthinus Steyn, issued a special statement condemning the move. The NPU was convinced that the exercise of such powers by the Government required drastic review.

In its evidence to the commission, the publishers argued strongly against any further Government controls of the Press. It compared the South African Government's attitude to the Press with that of the Soviet Union and Third World countries seeking State control of the media.

● Some 600 black workers striking for more pay at SA Fabrics, a subsidiary of the British Courtaulds group, have appealed to the parent company to intervene. The strike at the factory in Durban began on Monday when the workers, members of the predominantly black National Union of Textile Workers, rejected a pay award which they said was less than 5 per cent.

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Warning shot for Reagan from the right wing

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

TWO right-wing Republican Senators have voted against the nomination of Mr. Caspar Weinberger to be Secretary of Defence in the Reagan Cabinet.

Senators Jesse Helms and John East ,both from North Carolina, constituted the minority in the 97 to two Senate vote confirming Mr. Weinberger late on inauguration day. The fact that they registered their protest within hours of Mr. Reagan's takeover was clearly a warning to the President that if he strays from conservative positions he can expect trouble in Congress from members of his own party.

Yesterday the Senate continued on its steady course of ratifying the Cabinet, starting with the nomination of Mr. Alexander Haig as Secretary of State. None of the nominations are in doubt with the possible exception of Mr. Raymond Donovan, picked to run the Labour Department. He will have to wait until the Federal Bureau of Investigation has completed an investigation into certain practices conducted by his New Jersey construction company.

Mr. Helms was explicit in warning Mr. Reagan that it was necessary "to draw the line, a benchmark as it were, to measure the progress of the reconstruction of our national strength."

Promising also to oppose the nomination of Mr. Frank Carlucci, chosen by Mr. Weinberger as Deputy Defence Secretary, Mr. Helms said the new Pentagon chief "is not at this moment prepared to make the clean break with the very policies of the past which have managed our military and international decline."

He said Mr. Weinberger lacked "resoluton and vision" in confronting the Soviet Union and had shown "astonishing naivete" on strategic arms limitation talks with Moscow.

Mr. Helms, unquestioned leader of the Right-wing Republicans in the Senate, was particularly disturbed that, after being nominated by Mr. Reagan, Mr. Weinberger imediately dismissed the transition team largely composed of defence hardliners.

Anti-regulation man will head economic advisers

BY OUR U.S. EDITOR

MR. REAGAN will name Mr. Murray Weidenbaum, a university economist and a leading critic of excessive Government regulation, to head his Council of Economic Advisers, a White House official said yesterday.

Mr. Weidenbaum served in the old Bureau of the Budget from 1949 to 1957 and in the Treasury from 1969-71. He played a major role in drawing up the wage and price controls which President Nixon introduced in 1971.

For the past 10 years he has been at Washington University in St. Louis, Missouri, heading an institute concentrating on Government regulations and their effect on business.

It is not yet known who the other two members of the council will be. Indeed, the delay in naming a chairman was seen by some as an indication that Mr. Reagan intended to reduce its significance. As part of the White House, the council is supposed to act as the President's private adviser on economic policy.

However, at a swearing in ceremony for White House aides yesterday, Mr. Reagan returned to the theme of his inaugural address by ordering his staff to ensure that top priority is given to budget cutting and making effective the freeze he ordered on bureaucratic hiring on Tuesday.

One idea, with which Mr. Weidenbaum has long been associated, is to direct a moratorium on all new government regulations for a year. Mr. Reagan may issue such an order soon.

STATE VS. FEDERAL GOVERNMENT IN THE DEEP SOUTH

Louisiana whites find a hero

BY PAUL BETTS, RECENTLY IN ALEXANDRIA, LOUISIANA

MANY WHITES in Louisiana are singing a catchy country song called "The ballad of Judge Richard E. Lee, the man who set the people free." For the district judge of Alexandria, a town of 50,000 in central Louisiana, where the colourful French *cajun* culture ends and the Baptist Bible Belt begins, has suddenly become a folk hero and a nation-wide symbol of an issue which has perhaps divided Americans more than any other in recent years.

The problem is busing—the transfer of children from one school to another for the purpose of racial desegregation. In many parts of the U.S. busing has been reluctantly accepted. But in others it has achieved little more than token desegregation with whites either moving out of black school zones or sending their children to private school.

In many respects, last week's scenes in Alexandria were reminiscent of the civil rights protests of the 1960s, with members of the Klu Klux Klan being shouted down both by whites and blacks. But although the whites told the Klan to "go away," they shouted slogans against a federal judge and his school desegregation plan for the community. They sang "the ballad of Judge Richard E. Lee," who has opposed the federal judge in what has become a classic confrontation between the federal and local judiciary, and they sang the "Louis Berry blues," mocking the black lawyer, Mr. Louis Berry, who has fought for desegregation in the area since the 1960s.

"Since opposing the federal judge, Mr. Nauman Scott, on his desegregation plan for our elementary schools, Judge Lee has become a hero. The whites would elect him in any office here right now," said Mr. Berry, a seasoned black civil rights leader in Louisiana, after last Thursday's demonstration.

The demonstration outside Alexandria's federal court house was the climax so far of a local battle which began last August with Judge Scott's desegregation plan, and has since captured the country's attention. It started when Judge Lee, a former deputy sheriff who in many respects sees himself as "a southern gentleman," a democrat claiming to be related to the Civil War Confederate General Robert E. Lee, who likes to drink bourbon, shoot duck and has an eye for the ladies, decided to take on the federal judge, Mr. Nauman Scott, described locally as an intellectual, a Republican who drinks scotch, plays golf and often uses four-letter words, over the forced busing of three teenage girls from the rural all-white Buckeye elementary high school to the urban, predominantly black, Jones Street school some 20 miles away.

The issue, Judge Lee claimed, had nothing to do with race. It was busing. Why, he argued, should the three girls and their parents not be free to choose which school they wanted? To get round the federal judge's desegregation plan, the local judge suggested to the parents of the three girls— "the Buckeye three"—that they transfer legal custody of their children to surrogate parents in the new Buckeye attendance zone.

Judge Scott called the scheme a "sham" and overturned Judge Lee's decision to allow the three girls—Ramona Carbo (12), Lynda McNeal (12) and Michelle Laborde (13)—to attend Buckeye school. Subsequently, the federal judge ordered on five separate occasions that the girls be taken off the Buckeye roll. The local judge immediately ordered they be re-instated. To make sure his ruling would prevail, Judge Lee, accompanied by four state troopers, escorted the three girls to school amid a a blaze of popping flash bulbs and television cameras.

Judge Scott, who in court emphasised: "I'm not carrying out a referendum as to who is in favour of busing; the burden of this court is not to gain popularity (God knows I haven't done that) but it is to give the community a plan it can live by," then ruled Judge Lee in contempt, threatening to fine him $1,000 a day if he did not drop his opposition to the desegration plan. Last Thursday, Judge Scott dropped contempt charges against Judge Lee, who in turn said he would take the case to the Supreme Court. In the meantime, the girls have stopped going to Buckeye and, like many other white students, will probably enrol in private schools.

The girls come from an all-white rural district about 15 miles north of Alexandria, a conservative, fundamentalist, community which votes Democrat by tradition and exists usually without complications. Theirs is a simple life, farming pigs, cattle beans or timber, with some fishermen and office workers who commute to Alexandria. Entertainment is simple: swimming in the rivers in summer, a dance at the high school or hunting in the winter.

But across the Red River in Alexandria, a town still ruled by the local farming and banking elite, once a railway centre and now hoping for some industry to give jobs to its relatively badly off black population, it is another story. Alexandria has a strip of modern motels and dance houses, but unemployment is above 10 per cent and, according to Mr. Jimmy Butler, managing editor of the Alexandria daily Town Talk, it grows to about 40 per cent among blacks aged between 20 and 35. Thus, while no one will openly admit it, Alexandria does have segregation—no worse or better than in most average American towns in the south, but none the less sufficient to generate overtones of racism.

The "Buckeye three" go into court.

The Buckeye case is a poignant example. "These are people used to a rural way of life. They are frightened by an urban environment. It is significant that all three Buckeye pupils are girls, for there is still the old bogy here that white girls will be at the mercy of the black man when they mix in an urban community full of blacks," Mr. Butler said. And as Mr. Charles Waites, the Buckeye headmaster who is sending his own boy to private school, said: "Why should a federal judge tell us how we should educate our children and where to live?"

In this respect, the "Buckeye three" case has become something more than a cranky protest against forced busing. For Mr. Berry it is an indication of the changing U.S. racial climate, for, he says, President Ronald Reagan has made it clear he opposes forced busing.

But, for most whites in the area, it is more a battle between state and federal government. As one local citizen said: "We in Alexandria have never supported the Klan. All we ask is a right to our say in crucial local issues affecting our lives and our community."

Canyon drilling rights given up

BY PAUL BETTS IN NEW YORK

SEVERAL major U.S. oil companies, including Shell Oil, Gulf Oil and Conoco, are relinquishing some of their drilling rights in the offshore Baltimore Canyon area, about 80 miles off the New Jersey and Delaware coasts, because of disappointing prospects.

The companies say they have given up some of their leases in the area which were due to expire in the first half of next year. They have returned to the Interior Department a total of eight tracts, valued at about $90m (£38m) when first leased in February, 1976.

At the time of the original sale four years ago, when the U.S. oil industry as a whole spent a total of more than $1.1bn to drill the first wells in U.S. Atlantic waters, the Baltimore Canyon was believed to hold sizeable amounts of oil and gas.

But during the past four years, exploratory drilling has produced disappointing results. Although gas has been discovered in the area, the oil companies have failed to come up with a major commercial find.

The decision of some companies to give up some of their leases in the area is the most eloquent indication to date that the oil industry now considers most of the area to be "a loser."

Having given up the leases before they officially ran out, the oil companies are unable to claim any refunds from the Government, but Shell has indicated that it is giving up the tracts mainly for tax reasons. The company also says it has lost hope of finding gas and oil before the leases ran out next year.

Several companies, including Shell Oil, the U.S. affiliate of the Royal Dutch/Shell group, are holding on to other leases in other parts of the canyon, in case a competitor suddenly strikes oil or gas.

The Government is planning the sale of more than 250 tracts next December in much deeper water farther off the coast.

U.S. QUARTERLIES

Chase Manhattan steady
Owens-Corning Fiberglas set-back
General Foods improves

Details, page 30

Brazil cutback on oil use

By Rik Turner in Sao Paulo

BRAZIL is cutting oil imports from 900,000 barrels a day to 750,000 b/d until April. Domestic production will provide a further 214,000 b/d and 58,000 b/d of alcohol will be produced In addition coal sufficient to replace 8,000 b/d of oil is to be produced.

Working on a barrel price estimate of $36, Sr. Delfim Neto, the Planning Minister, expects to spend $3bn on oil imports until April.

Domestic consumption in the period is to be reduced by 2 per cent from December's level of 1.065m b/d. The plan for domestic consumption, prepared by the Energy Minister, Sr. Cesar Cals, was aproved by the National Energy Commission earlier this week.

'Disgraceful failures' jibe greets new President

MOSCOW. — A Soviet weekly journal yesterday described U.S. Presidents of recent times as "disgraceful failures" and said Mr. Reagan would have to adjust quickly to a changing world if he wanted to avoid a similar fate.

Literaturnaya Gazeta, commenting on President Reagan's inauguration, said poor political leadership was partly the result of an inefficient system of selecting Presidents.

The article was signed by Vitaly Kobysh, an adviser to the Communist Party Central Committee's information department. It said: "The essence of the problem, however, is that not one of the Presidents of the United States in recent times has been worthy of the tasks he faced in terms of practical politics or an awareness of what was going on."

U.S. leaders did not realise that the world had changed since Presidents Coolidge, Truman or even Nixon held office and they could no longer impose their will on the rest of the world or curb inevitable social and economic changes.

Literaturnaya Gazeta said President Carter was no better or worse than his recent predecessors, but his obvious inexperience, provincialism and inappropriate religious zeal made his weaknesses more evident.

Reuter

DENMARK'S NEW COMMISSIONER FIGHTS OFF RIVAL CLAIMS

Dalsager wins EEC agriculture portfolio

BY JOHN WYLES IN BRUSSELS

DENMARK'S NEW Commissioner, Mr. Poul Dalsager, last night fought off rival claims and pocketed the EEC's key Agriculture portfolio which until last week had been held by his fellow countryman, the late Mr. Finn Olav Gundelach.

His success delighted the Danish Government in Copenhagen which had been virtually demanding retention of the portfolio by its new Commissioner. But some of Mr. Dalsager's 13 fellow Commissioners could barely hide their dismay.

According to several reports there was a majority among the 14 member Commission for giving Agriculture to Mr. Frans Andriessen, the Commissioner from the Netherlands whose personal abilities and previous experience as a Minister for Finance seemed ample qualifications.

However. Mr. Andriessen's prospects were effectively blocked by a bid for the job from Sig. Lorenzo Natali, the Italian Commissioner responsible for Enlargement. He had little scupport from his colleagues but stressed his suitability as a former Minister of Agriculture and an experienced Commissioner.

The absence of a clearly agreed alternative to Mr. Dalsager coupled with the desire of M. Gaston Thorn, the Commission president, to avoid seriously upsetting the allocation of portfolios painfully settled only two weeks ago, cleared the way for the 51-year-old Dane.

There are few doubts about Mr. Dalsager's knowledge of the common agricultural policy —he is an experienced Minister of Agriculture. But his opponents within the Commission drew attention to his ability to speak only Danish and a little English and also questioned whether the Commission should allow any Government to insist on retaining a portfolio after the death of its Commissioner.

Mr. Dalsager will be taking over at a crucial time for the CAP which accounts for around £5bn or 70 per cent of Community spending. It is generally thought within the Commission that passing the portfolio to a new inexperienced Commissioner will give reformers more opportunities than they would have had with Mr. Gundelach.

However, it is also possible that M. Claude Villain, the conservative Frenchman who heads the agricultural directorate general (civil service department) will be more influential in defending the policy.

Farm policy Page 39

Commission votes not to impeach Poniatowski

By David White in Paris

M. MICHEL PONIATOWSKI, President Giscard d'Estaing's close friend and one-time Interior Minister, remained at the centre of the de Broglie murder scandal yesterday despite a decision by a parliamentary commission of inquiry not to have him impeached because of his role at the time.

The decision, carried by the Government coalition's majority vote on the commission, came as the satirical weekly, Le Canard Enchainé, which resurrected the scandal early last year, published further allegations that the police had prior knowledge of a murder plot.

Prince Jean de Broglie, a former junior Minister, was shot dead in unexplained circumstances on Christmas Eve. 1976. Four men are awaiting trial for the murder.

An examining magistrate is still looking into the case.

The parliamentary commission voted, after nine months of work, not to follow up a Socialist proposal to impeach M. Poniatowski on charges of betraying the secrecy of a legal investigation, failing to assist a person in danger and concealing documents relevant to the case.

The procedure was dropped on technical legal grounds because of a three-year limitation applying to the first two charges. The terms of the law on the third were held not to apply to M. Poniatowski as a government Minister.

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The six Socialist and Communist members of the 15-man commission voted against the decision.

The Gaullist RPR had played a crucial role in having the commission set up. But later it made clear it would be satisfied with the examining magistrate's investigation rather than press for the almost unprecedented move of impeaching M. Poniatowski.

Le Canard Enchainé alleged yesterday that two police officers had testified to the examining magistrate that members of the gang had openly discussed murder threats hanging over Prince de Broglie. This goes against previous official police statements.

Both M. Poniatowski and his successor. M. Christian Bonnet, have denied that he knew anything about the plot.

Lambsdorff defends plan for gas deal

By Jonathan Carr in Bonn

COUNT OTTO LAMBSDORFF, the West German Economics Minister, has strongly defended a large natural gas deal planned with the Soviet Union, and emphasised that the U.S. Government has expressed no opposition to the scheme.

Count Lambsdorff said in a newspaper interview that the deal would not make West Germany excessively dependent on the Soviet Union. On the contrary, it formed part of Bonn's strategy to diversify its foreign energy sources.

His comments follow Press reports from Washington which suggest that President Reagan's new Administration is coming under pressure to oppose the deal on grounds that Western strategic interests are involved.

Under the deal, which could be agreed this summer, the Soviet Union would supply 40bn cubic metres of natural gas annually to Western Europe, 12bn cubic metres of it to West Germany. This would make the Germans dependent on Moscow for 30 per cent of their natural gas compared with about 17 per cent at present.

The deal has long been seen as a source of possible friction between Washington and Bonn. But the team which travelled with Chancellor Helmut Schmidt to the U.S. last November was encouraged to find that advisers to Mr. Reagan did not express opposition. It was recognised that U.S. business could also benefit from the scheme, which is likely to involve Soviet contracts with the West valued at about $10bn (£4.1bn).

Herr Schmidt is meanwhile trying to ensure that Bonn-Washington ties get off to a much better start this time than they did at the start of former President Carter's period of office.

He told members of his Cabinet yesterday to use all the contacts they had in Washington to establish a good climate of co-operation from the start.

Libya high on Giscard's agenda in Rome

BY RUPERT CORNWELL IN ROME

THE WORKING visit to Rome which President Valery Giscard d'Estaing of France begins today is likely to underline Italy's dilemma over which policy to adopt towards the unpredictable regime of Colonel Muammar Gaddafy in Libya, a major oil supplier to both countries.

Paris so far has studiously refused to comment on reports that M. Giscard, in retaliation for Libya's "merger" with Chad despite French objections, will use the occasion to press Italian leaders to drop plans for an official trip to Rome by Colonel Gaddafy in a few months' time.

In any event, the prospect of a visit by the Libyan leader, often alleged to be a promoted of terrorist activities here, has already aroused strong misgivings by some parties within the current shaky ruling coalition.

M. Giscard's visit is part of the regular network of consultations between EEC leaders. But the main focus this time is on how to forge a concerted attitude over Libya, if not at a Community level, at least between the two EEC countries with Mediterranean coastlines.

Rome's stance is an uncomfortable blend of increasing political wariness—as witnessed by last summer's diplomatic and defence agreement with Malta, aimed unmistakeably against Tripoli—and the constant need to maintain and develop economic ties. Italy is Libya's main foreign supplier. It ranks first among its export markets in OPEC countries, and supplies around 13 per cent of its oil

The ambiguities emerged clearly during the trip to Tripoli earlier this week of Sig. Enrico Manca, the Foreign Trade Minister. Libya apparentl signalled its readiness to raise oil supplies and resume deliveries of liquefied natural gas in return for a more amicable policy by Rome.

Future collaboration between the two countries could include an overall development programme, in which the state controlled ENI energy agency would most probaly play a leading part, to boost trade between the two. This already runs at $3.7bn for the first nine months of 1980.

Such a development would hardly be to the delight of President Giscard, who froze major oil exploration contracts by French companies in Libya following the virtual annexation of Chad. France, like Italy, however, is torn between political and economic considerations in its dealings with Col. Gaddafy.

Submarines row shocks Dutch MPs

By Charles Batchelor in Amsterdam

THE DUTCH PARLIAMENT will discuss for a second time next week controversial plans for the sale of submarines to Taiwan amid signs that some MPs are wavering in their support for the deal.

The Chinese Government appears to be awaiting the outcome of this debate before going ahead with the reduction of diplomatic contacts to the level of charge d'affaires from that of ambassador.

The strength of the Chinese reaction to the proposed sale of two conventional Walrus series submaries by the Rotterdam shipyard, Rijn-Schelde-Verolme (RSV) has shocked several MPs. Parliament last month voted by 76 to 74 in support of the Government's decision to approve an export licence for the submarines as well as for power generating equipment.

A parliamentary vote to rescind export approval would severely embarrass the Government which has twice backed the deal. Mr. Dries van Agt, the Prime Minister, has proved adept however, at meeting compromises acceptable to a majority of MPs.

Meanwhile, RSV denied reports that the company chairman, Mr. Allerd Stikker, had discussed proposals for Taiwan to build further submarines under licence. Mr. Stikker is in Taiwan for further talks with the authorities over the Fl 1bn (£195m) deal which has yet to be signed finally.

The company also denied that plans to train Taiwanese navy personnel to use the submarines had been discussed. It is normal however, for companies delivering sophisticated equipment of this kind to train the people who will use it.

China has continued to extend the range of economic sanctions, according to officials in The Hague. The Chinese have called off a visit to the Netherlands of a scientific mission to discuss optics and energy questions and told two Dutch companies that they are not welcome in China.

Peking warning Page 5

Walesa bid to avert clash

WARSAW—Mr Lech Walesa, whose calls for moderation have been ignored by militants in the independent union Solidarity, which he leads, was flying to Warsaw from Gdansk last night in an effort to avert a new conflict with the authorities over work-free Saturdays.

A Government spokesman said Mr. Walesa was coming with a 10-man delegation for talks with government officials.

Solidarity's national consultative commission accused the authorities on Tuesday of failing to honour agreements with strikers last summer and swept aside Mr. Walesa's pleas for moderation.

Branches in at least four major regions said they were going ahead with strikes today and tomorrow and a ban on work this Saturday unless the Government accepted in principle the abolition of all working Saturdays.

O Poland has announced that work will start this year on the country's first nuclear power station, at Zarnowiec

Agencies

Record unemployment in EEC

BY JOHN WYLES IN BRUSSELS

A RAPID spurt in the growth of unemployment in the traditionally most prosperous members of the European Community pushed the EEC jobless total in December to a record 7.9m or 7.2 per cent of the working population.

In the nine EEC countries (Greece was not then a member), unemployment rose 4.2 per cent between November and December. The major increases being recorded in West Germany (15.6 per cent), Denmark (10 per cent), Netherlands (8.7 per cent), and Luxembourg (7.9 per cent).

This rate of increase continued a trend which began in early autumn and which raised the West German total by 36 per cent in the final quarter. The corresponding increase in Luxembourg was 35 per cent, in Denmark 33 per cent, and in the Netherlands 20 par cent. By contrast, unemployment in Britain rose by 3.8 per cent between November and December.

by 1.2 per cent in France and Belgium, and by 0.6 per cent in Italy.

According to figures released yesterday by the European Commission, unemployment throughout the Community leaped by 27 per cent last year. The UK (66 per cent), Denmark (56 per cent), the Netherlands (49 per cent). Ireland (38 per cent), and West Germany (29 per cent) were all above the average. Italy's 6 per cent growth was much the smallest.

1.4m forecast for W. Germany

BY ROGER BOYES IN BONN

UNEMPLOYMENT IN West Germany is likely to reach 1.4m this winter and the number of workers on short-time will remain very high, according to a report released yesterday by the West Berlin-based German Institute for Economic Research.

In a detailed study of unemployment last year, the Institute says that while the number out of work is still high — in the third quarter the total was 250,000 above the equivalent period in 1979 — the upward trend is tapering off.

In most industries, including the relatively healthy capital goods sector, new vacancies have dropped radically. The number of openings in the food sector, for example, dropped by 13,000 in the last three months of 1980.

The number of white collar workers taken on in the final quarter rose slightly but demand for blue collar workers stagnated. The exception was the strong industrial demand for apprentices, which has taken some of the pressure from youth unemployment.

At the same time, joblessness has been increasing by leaps and bounds. It reached 1.1m in December and is expected to top 1.2m this month. The Institute expects the total to average about 1.2m this year, with a peak of about 1.4m. In short, it believes unemployment over the next few months will exceed those of the 1974-75 recession years.

The indications are that the economy may be less resilient, in terms of cutting unemployment, than it was then for three reasons.

Short-time working has helped ease the employment market but the use of this device to avoid redundancies is limited. By the end of last September, 140,000 people were on short time, 100,000 more than a year earlier. The number of new vacancies also may well turn out to be much lower than during the 1974-75 recession.

Finally, the effects of the 1960s "baby boom" is putting more and more young people on to the employment market. While some can be absorbed by encouraging a flexible attitude to recruiting apprentices, clearly they will create long-term structural problems.

Hungary current account surplus

BY PETER MONTAGNON

HUNGARY HAD a provisional surplus of about $150m in its current account balance of payments with Western countries last year, the first such surplus since 1973. This was disclosed in London yesterday by Mr. Ede Bako, chief economic adviser to the Hungarion national bank.

In 1979, the balance of payments was about $500m in deficit and, in the previous year, the shortfall was $1.2bn.

Speaking at a Financial Times conference, Mr. Bako said the steady improvement in Hungary's trading position in Western convertible currencies was due, above all, to additional earnings from exports.

These earnings were boosted last year by almost $900m through the introduction of new manufacturing capacities under the country's export development programme. At the same time, a moderate rate of economic growth has helped hold back demand for imports.

Mr. Bako said he "would be in a fairly difficult position to deny" calculations based on internationally published statistics that Hungary's debt service ratio in convertible currencies must have stood at a level of about 20 per cent in 1979 and only slightly higher last year.

On a separate matter, he said that Hungary was likely to introduce a unified exchange rate this year to replace the two-tier system which gives different rates for commercial and financial transactions. This might be followed, perhaps next year, by some sort of partial external convertibility for the forint.

Mitterrand closes gap

By Robert Mauthner in Paris

FRENCH PUBLIC opinion polls continue to indicate that President Giscard will be given a tough fight by M. Francois Mitterrand, the Socialist leader, in the presidential election due in April-May.

The monthly Sofres poll, published in Le Figaro, shows that M. Giscard would obtain 51 per cent of the votes cast, against 49 per cent for M. Mitterrand.

Hidden barriers to UK sales of motor products

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S manufacturers of motor products are drawing up a dossier of hidden trade barriers, particularly in other Common Market countries.

The Society of Motor Manufacturers and Traders maintained yesterday there is growing evidence of what is described as "the restrictive interpretation of regulations which inhibit acceptance of British products in foreign countries."

It has asked for evidence from any motor product exporter — whether a member of the society or not—which can be presented to the British Government or the overseas Governments involved.

The Society is clearly disappointed that the European Commission has not been as effective as it might have been in breaking down non-tariff trade barriers which, according to hearsay evidence, are particularly practised against the motor industry in France and West Germany.

The UK Department of Trade has set up contacts with its counterparts in other EEC countries but so far seems to be having little success in removing the barriers.

Mr. David Cross, assistant secretary of the society, said "rules which appear quite clear and for which British companies have adapted their products seem to be given a new interpretation when the products arrive in some export markets.

"We have had reports of problems from a number of companies. We want to investigate the extent and nature of them and to identify where they are most blatant or frequent.

"Subjective interpretation of regulations can be the most difficult of all trade barriers to surmount."

S. Africa white-goods makers in tariff call

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S domestic appliance industry has asked the Government for additional tariff protection against a surge in imports over the past 18 months.

The industry has applied for an increase in the Customs duty on washing machines from 25 per cent to 40 per cent. Application for increased duties on several other appliances may follow.

A rapid rise in consumer demand in South Africa and a relaxation of import controls have encouraged a sharp growth in imports of a wide variety of consumer goods, including clothing, textiles and domestic appliances.

Imports of semi-automatic washing machines totalled 43,000 units in the first nine months of 1980, compared with 20,000 during the whole of 1979. Refrigerator imports have shot up from 15,000 units in 1978 to 34,000 in 1979 and an estimated 45-50,000 last year. Imports of tumble driers and floor care products have also risen sharply.

According to one industry estimate, the share of imports in the washing machine market has risen from 17 per cent to almost 50 per cent in the past two years. Annual sales of domestic appliances in South Africa total about R550m (£305m), of which about half are white goods.

Mr. Robbie Williams, managing director of Barlows Manufacturing Company, South Africa's largest domestic appliance producer, said that the rise in imports "is a worrying trend." Despite the buoyancy of the local market, most manufacturers are still operating well below full capacity.

Italy and Japan have been singled out as the main sources of imported products. South African manufacturers say that the prices of goods from these countries, notably those produced by Hitachi and Indesit the troubled Italian manufacturer, are frequently well below local production costs.

The difficulty of determining overseas production costs has so far prevented them from applying for anti-dumping duties.

Belgrade seeks consumer goods imports cut

By Aleksander Lebl in Belgrade

YUGOSLAVIA will drastically cut imports of equipment and consumer goods in 1981, the federal Parliament decided this week.

Overall imports will be further cut this year compared with last year in order for the deficit of the balance of payments not to exceed $1.8bn.

How big a cut will be needed will depend on the volume of exports and on the import and export price movements, as well as on invisible earnings.

The government wants the composition of imports to be 82 per cent raw and intermediate materials, 10 per cent equipment and only 8 per cent consumer goods. This would mean halving the share of equipment and reducing the share of consumer goods by 50 per cent in aggregate imports compared with foreign trade levels of recent years.

In 1980 according to preliminary data Yugoslav exports exceeded $9bn, and imports amounted to some $15bn. The ratio of exports to imports significantly improved, from under 50 per cent to more than 60 per cent. While exports increased 32 per cent by value and 9 per cent by volume, imports increased 7 per cent by value but declined 11 per cent by volume.

CFP-Total in oil deal with Sonatrach

PARIS—Cie Francaise des Petroles (CFP-Total) said yesterday it has signed an agreement with Algeria's Sonatrach oil company for the purchase of 3m tonnes of crude this year. The amount compares with purchases of more than 10m tonnes in 1980.

Although company officials declined to elaborate, it is understood that the accord is seen as an interim step pending the renewal of the CFP-Sonatrach Association Pact which expired at the end of 1980.

Renewal of the previous agreement, however, is linked to present negotiations for a new gas pricing agreement.

Agencies

David White in Paris writes: **FIVES-CAIL Babcock, the French engineering group, has won contracts for turnkey cement and sugar plants in Morocco valued together at FFr 800m (£79m).**

The cement factory, with an annual capacity of 1.2m tonnes, is being built near Casablanca for the local offshoot of the French La Farge group.

The beet sugar processing plant, in El Djadida province, will produce 4,000 tonnes a day.

Genscher gives the kiss of life to European union

BY JONATHAN CARR IN BONN

THIS LOOKS a bad time for the European Community to launch a major political initiative. Budgetary and farm problems of hair-raising complexity face the 10 member states, and it is accepted that solutions cannot be seriously sought until after the French presidential election in the spring.

Hence the astonishment earlier this month when Herr Hans Dietrich Genscher, the West German Foreign Minister, suddenly announced it was time to formulate a treaty on European union. Even some of those in the Bonn Foreign Ministry who knew this idea had been floating about for months were surprised at Herr Genscher's timing.

One immediate, and rather cynical, suggestion was that Herr Genscher was acting mainly in his capacity as chairman of the liberal Free Democrat Party when he made his proposal during a Free Democrat congress in Stuttgart. The Free Democrats have long sought to stress their dedication to European Community ideals as one means of asserting itself against its bigger partner in the Bonn coalition government, the Social Democrats. Whatever justice there may be in this comparison, it is true that the Free Democrats have held the Foreign Ministry portfolio for more than a decade, while the Social Democrats have provided the Finance Minister. It is thus not too hard for the Free Democrats to gain an image as a party which thinks hard about Europe's future and the Social Democrats as one which groans about Europe's costs.

However, it emerges that domestic political considerations were far from the main reason why Herr Genscher launched his initiative now. Behind his proposal lies a grim analysis of the future of the democratic states of Western Europe if they prove incapable of much closer co-ordination—in foreign and security policy above all. His fear is that the Europeans' continued incapacity to match their economic power with a clearer political voice will increasingly aggravate relations with the United States and weaken the basis of the Western defence alliance.

This analysis is hardly new, but the problem is felt to have gained greatly in urgency because of the crises in Iran and Afghanistan and the difficulties of the West in finding an agreed way to face them. Herr Genscher now wants to set the highest priority on a drive to see that Europe will not be caught faltering in its reaction to another crisis. It is recognised that a joint European voice will not always be saying exactly what the United States wants to hear. But by reducing delay and making Europe's stand more quickly calculable, it is felt that Washington would be offered a truer partnership and that the security of the West as a whole would increase.

The immediate problem is how to make this need for intensified European co-operation evident to a broader public when the Community is facing more bickering over agriculture and the budget. Bonn is convinced that the long squabble over Britain's budget contribution weakened public enthusiasm in West Germany for the cause of European integration. A similar dispute at a time of dwindling economic growth, growing unemployment and ever less national budgetary room for manoeuvre could undermine West German support for the Community even more.

Hence Herr Genscher's proposal for a treaty of European union which could be both a summary of what the European Community has achieved in its first quarter century or so, and an outline of where it should be aiming. The idea is that by raising its sights above immediate budgetary and other problems, the Community could provide a perspective in which those difficulties could more easily be solved. In particular, it is hoped that a debate would emerge in which the consequences of a failure of Western European integration would become clearer to a wider public.

The idea of a new treaty does not receive unqualified support even in Bonn, let alone beyond it. But the concerns of Herr Genscher which caused him to make the proposal at all are known to be strongly shared by the British and French, among others. Lord Carrington, the British Foreign Secretary, has already urged automatic meetings with his Community colleague within 48 hours if any three feel an international crisis requires rapid consultation. He has also proposed a strengthening of the machinery of European Political Co-operation, the informal meetings outside the provisions of the Community's Treaty of Rome, in which the member states try to align their positions on international issues. The French are felt by Bonn to want to strengthen European Political Co-operation in principle, even if it could come to a dispute over the site (Brussels or Paris) of the permanent secretariat.

Herr Genscher is clearly running a politica risk by even raising the issue of "European union." He has been preceded over the years by a trail of summit meeting recommendations and special reports on the same topic, most of which have sunk almost without trace. He has taken this danger into account, and gone ahead. His European colleagues can expect to hear more in the coming weeks.

Herr Genscher (right) talks to President Sandro Pertini in Rome where he flew yesterday for meetings with Italian leaders.

Biffen cautions India on ties with Russia

BY K. K. SHARMA IN NEW DELHI

MR. JOHN BIFFEN, the Trade Secretary, yesterday gave India a barely disguised warning not to tighten too closely its trade ties with the USSR.

In his first speech since taking over his new job he told delegates to a conference in New Delhi that the Eastern Bloc "is more noted for its direct involvement in the affairs of developing nations than for its desire to bring them to greater economic independence."

By contrast, he noted that the West is committed to liberal economies as an essential part of the development process.

His remarks come shortly after India's signing of a five-year trade agreement with the USSR which is expected nearly to double mutual trade to $12bn a year by 1985. Indeed, India's sixth Five-Year Plan has been dovetailed to the new USSR Five-Year Plan.

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Mr. Biffen's comments were made from the standpoint that India is the biggest recipient of UK aid, taking £121m in 1979-1980, and that Western countries generally have been taking the lion's share of developing countries' exports.

"It is deplorable that the centrally planned economies provided a market for only two per cent of such exports—half the figure in 1970—compared with 64 per cent for the developed market economy countries," he said.

Mr. Biffen also sought to allay fears and still criticism about the downturn in the UK's overall official aid programme. He said that the target for the second UN Development Decade of transferring 1 per cent of GNP had been exceeded—if private investment flows are added to official aid.

"The total of both official and private flows from the UK to developing countries is larger than that of any other country except the US, and has reached 3.25 per cent of GNP," he said.

Mr. Biffen was talking at a two-day conference on "India as a World Trading Partner" organised by the Financial Times and the Federation of Indian Chambers of Commerce and Industry.

Opening the conference, Mr. A. V. Hare, chairman of the Financial Times, spoke of India's growing importance in the international business world at a time when the world economy was unsteady.

Mr. K. N. Modi, president of the Federation of Indian Chambers of Commerce and Industry, said India offered excellent scope for partnership for setting up industries at home and in other countries.

Dr. Manmohan Singh, member-secretary of India's Planning Commission, said that "the task of modernisation of India's economy will be considerably facilitated if concessional flows of external capital continue to increase and if, in addition, the international trading environment does not become more protectionist."

Mr. S. M. Ghosh, secretary in India's Department of Industrial Development, pointed out that the Indian market was largely untapped and thus provided a vast potential for development.

Mr. K. V. Raghavan, chairman and managing director of Engineers India Limited, felt the time had come for India's public sector to think in terms of joint venture projects with developing countries.

Mr. V. Arunachalam, managing director of Tube Investments of India, said India was favourably placed to take advantage of the Euro-currency market because of the high credit worthines it enjoys today.

However, Mr. Pranab Mukherjee, the Minister for Commerce, was critical of what he described as "protectionist" tendencies in the developed countries. He said India had taken "bold initiatives" at import liberalisation.

Mr. John Hansen, head of the EEC delegation at Bangkok, pointed out India had not been able to maintain the increase in exports to the community on the same level as other developing countries.

Tony Walker examines the background to the China-Netherlands dispute

Peking's oblique warning to Washington on Taiwan

WHEN THE DUTCH Parliament late last year voted narrowly to approve the sale of submarines to Taiwan, there was never much doubt Chinese trade and diplomatic reprisals would follow.

References in the latter part of 1980 by China's official media to the submarine deal became more strident, accompanied by what appeared to be an orchestrated letters campaign in the newspapers.

Almost certainly, Chinese unease was intensified by the looming Reagan Presidency and the prospect of having to cope with an Administration more sympathetic to Taiwan.

Mr. Reagan's suggestion at the onset of the American election campaign that he would like to see Washington-Taipei relations upgraded produced a simmering reaction in Peking.

China has made it clear on a number of occasions that it views with disquiet U.S. policy of allowing continued arms sales to Taiwan. China is particularly sensitive about the possibility that the U.S. will sell a new advanced fighter, tentatively designated the FX, to Taiwan.

It is against this background that the Chinese took the abrupt step of telling Mr. J. Kneppelhout, the Dutch Ambassador in Peking, to pack his bags. Diplomats here regard the downgrading of Dutch representation in China as a warning to Washington as much as it is an action against The Hague.

What appears to have particularly angered Peking is the Dutch Prime Minister's apparent failure to inform his Chinese hosts on a visit here last October that his country was considering selling advanced conventional submarines to Taiwan.

Mr. Dries can Agt said recently that he informally mentioned the proposed sale. If this is so, it apparently did not register with the Chinese. China's Foreign Ministry went so far at the weekend as to virtually accuse Mr. van Agt of lying. A spokesman described as "untrue" the Prime Minister's claim to have mentioned the sale, saying it was "shocking, indeed, that the Dutch side wants to defend itself by such means."

People's Daily, the Communist Party newspaper, followed up the Foreign Ministry announcement that it had asked Mr. Kneppelhout to leave with an editorial stating: "The Chinese government's action is essential for the safeguarding of state sovereignty and national dignity and for the upholding of the basic norms guiding state relations."

The problem now seen as arising is that Peking, having established this precedent, could be backing itself into a corner with regard to dealings with the U.S.

Would it be prepared to take such action against a U.S. representative here in the event of similar circumstancs arising. If it did it would harm a diplomatic and trade relationship of much greater importance than the limited one Peking has with The Hague.

For the Dutch, the economic costs of its fallout with the Chinese are not great. Dutch exports to China last year are estimated to have been down by about 40 per cent, while imports of Chinese goods remained steady. In the first six months of 1980 Dutch exports amounted to some $45.8m. Imports were in the order of $104m.

There is little doubt commercial contacts between the two countries will be affected, but the Dutch have few contracts outstanding, and certainly none of any size. As the trade balance is in China's favour, the Dutch have less to lose from a slowdown in trade.

Where the diplomatic bust-up leaves Dutch companies represented in Peking is uncertain.

Dutch Shell has been told to withdraw from early exploration in China's offshore waters.

Philips has been discussing several projects with the Chinese, including a manufacturing plant, but these talks are not expected to go much further as a result of the current difficulties.

Economic readjustment may bring leaner year for exporters

BY OUR PEKING CORRESPONDENT

FOR West European exporters, last year was difficult in China and 1981 promises to be more difficult as Peking rigorously implements its programme of economic readjustment.

UK exports fell by about 20 per cent to £163m in 1980 from £213m in 1979, while imports from China increased to £150m from £137m.

This year will be leaner still, according to Mr. Trevor Mound, the commercial counsellor at the British Embassy in Peking. He noted that, apart from a £40m contract signed last year by Marconi Avionics and several smaller agreements.

His counterparts from other EEC countries had similar stories. German companies given a rash of contracts in 1978, when China stepped up its modernisation drive, did badly last year in terms of new agreements. So did the French and the Italians.

West Germany, still third among countries doing business with the Chinese, behind Japan and the U.S., suffered a hefty 22.4 per cent reduction in exports during the first 10 months of the year. Imports from China were up by 57 per cent in the same period.

Both France and Italy saw the value of their exports drop as imports of Chinese products rose sharply. The French estimate that in 1980 exports were down 14 per cent, while imports rose by about the same amount. Italy's exports were down about 30 per cent.

China's improved export performance, while at the same time slowing down the growth in imports, is clearly reflected in its 1980 foreign trade figures. China reduced an approximately $2bn trade deficit in 1979 to about $6m (£2.47m).

According to China's Foreign Trade Ministry, imports rose by 15.2 per cent in 1980, while exports went up by 27 per cent.

Official reasons for the improved export performance were increased production of export commodities, reform in the foreign trade system, which encourages local authorities and various departments to expand exports, and increases in world petroleum prices.

But while European countries did badly, commodity rich nations like the U.S., Australia and Canada posted good results.

The U.S. saw its exports in the first 10 months of 1980 more than double to $3.3bn (£1.36bn). Chinese exports to the U.S. were also well up—$941m compared with $521m in the corresponding 1979 period.

Australia, in the 12 months to June 1, 1980, saw its two-way trade with China move for the first time past the $1bn mark on the strength of its commodities' trade, mainly wheat. It was a similar story with Canada.

It was Japan, however, that produced the most surprising result. Against the trend and certainly contrary to confident forecasts by the Japan External Trade Organisation (JETRO), in the latter part of last year the Japanese recorded a more than 30 per cent increase in exports to November, while imports rose by 47.5 per cent.

Australian uranium for Japan

TOKYO — Australia will resume uranium exports to Japan as early as next year, but only on condition Japan signs a nuclear safeguards agreement, Mr. Tony Street, the Australian Foreign Minister, said yesterday.

Australian Government policy requires that a nuclear safeguards agreement be enforced before export shipments of uranium under new contracts can be approved, he said in a keynote address before the sixth Japan-Australia ministerial-level conference.

Australia, which has not sold any uranium to Japan since 1972, in 1977 adopted a new safeguards policy to prevent recipient nations from using the radioactive material for non-peaceful purposes. Exports are due to resume in 1982, but only if Japan becomes a signatory of the new agreement.

Citing three areas in which Australia has outstanding requirements in its trade with Japan, Mr. Street called for greater access to Japan's rural industries and proof that there is a market here for Aupstralian steaming coal.

● Mr. Chen Lan-Kao, the president of the Taiwan Power Company, left for South Africa to discuss a long-term supply of uranium with South African suppliers. Taiwan Power signed a contract with a South African uranium fuel company last March to buy 4,000 tonnes of uranium.
Agencies

Philippines in Pertamina agreement

By Emilia Tagaza in Manila

THE Philippine National Oil Company (PNOC), the state-owned oil company, has signed a crude oil processing agreement with Pertamina of Indonesia.

The announcement, made by the Philippine Ministry of Energy, said that the Philippines has committed itself to refine 22,000 b/d of Indonesian crude starting immediately.

The agreement, which is retroactive to January 1 is expected to abate the problems of refining overcapacity in the Philippines, and undercapacity in Indonesia. Indonesia's refining capacity has been reported to be inadequate to handle its daily output of oil, estimated at 1.6m b/d. The Philippines, on the other hand, has an excess refinery capacity of about 85,000 b/d.

The Ministry of Energy would not say how much is the agreed processing fee, but a Ministry official described it as "friendship price."

In the Association of South-east Asian Nations (ASEAN), the Philippines is the second member to help refine Indonesia's crude. Indonesia has a seven-year old processing contract with Shell Singapore.

The Philippines imports about 25,000 b/d of crude from Indonesia.

Tokyo loan bid for Mexico oil

By William Chislett in Mexico City

JAPAN has granted Mexico a Y30bn (£65m) soft loan as part of its campaign to win more than its present quota of 100,000 b/d of Mexican crude.

Japan wants 300,000 b/d but Pemex, the state oil concern, has been reluctant to commit itself beyond supplying 100,000 b/d. The Mexican Government has been urging Japan to participate more in the Mexican economy.

The 25-year loan has an interest rate of 4.25 per cent and a grace period of seven years. The terms were agreed upon during the recent visit to Mexico by Mr. Rokusuke Tanaka, Japan's Minister for International Trade and industry.

A statement issued by both sides said that Mexico would make the best effort possible to substantially increase supplies of oil to Japan at the earliest possible date.

However, according to Japanese diplomats, Mexico did not discuss the amount by which it might increase oil supplies or the date.

New orders in building industry still falling

By Andrew Taylor

THE number of new orders in the construction industry is continuing to fall "in every field of building activity" according to the latest quarterly state of trade inquiry by the National Federation of Building Trades Employees.

The survey of about 500 building companies in December showed 70 per cent of companies reporting that orders for new work had continued to fall since the third quarter of 1980.

More than 90 per cent of companies said they had at most only enough work in hand to cover the first nine months of 1981. "Even the repair and maintenance sector is continuing to decline with over half the firms reporting a fall in orders and only 8 per cent reporting an improvement," said the federation.

The building industry is in the middle of one of its worst recessions. Construction activity has been hit by public sector spending cuts—particularly on housing—and there is a squeeze on private sector investment as a result of high interest rates and declining output in other areas of the economy.

Almost 70 per cent of building companies replying to the December survey expected construction output to fall further in 1981—compared with 54 per cent forecasting a decline in the previous quarter.

Only 22 per cent of companies claimed to be working at full capacity at the end of last year compared with 40 per cent reporting full capacity working in June 1980.

● Sales of building materials in November last year fell 24 per cent compared with the same month in 1979, according to figures published by the Builders' Merchants Federation.

Michael Donne on the impact of the £200m cut in defence spending.

Sigh of relief from arms builders

THE DEFENCE manufacturing industries are likely to breathe a sigh of relief that the long-awaited £200m in defence cuts have proved less savage than many had feared.

Instead of biting into existing major programmes, the cuts have been confined to slowing some orders for road vehicles, aircraft and warships, cutting overheads by selling or scraping laid-up ships, merging commando units, trimming back navaly air support and abandoning plans to form an extra Lightning squadron.

The £200m is thus very small by comparison with the total defence budget of £12.25bn planned for the coming financial year.

Even when set against the £4.33bn being spent on equipment in the current year, it is still a comparatively small sum.

The Chiefs of Staff have clearly won their battle to preserve the major programmes around which the entire defence programme is built.

These include the Trident nuclear deterrent programme, the Tornado multi-role combat aircraft, the Army's new Challenger tank, and the remaining two anti-submarine cruisers, Illustrious and Ark Royal.

These will be continued, as will the supporting programmes for such warships as the Trafalgar class of nuclear-powered fleet submarines, a number of new Type 22 destroyers (such as Brazen, Boxer and Beaver), and five new Sheffield class (Type 42) destroyers (two at Cammell Laird and one each at Vickers, Vosper Thornycroft and Swan Hunter), none of which have yet been launched.

To that extent, therefore, the shipbuilding industry, already hard pressed for orders on the civilian side, can be grateful.

What is more uncertain, however, is precisely where the decisions to slow down the ordering of warships will hit the industry.

Tornado: escapes expenditure cuts

Last year's Defence White Paper indicated that among new orders under consideration were more Trafalgar class nuclear fleet submarines, further orders for Type 22 destroyers, more of the Hunt class of mine countermeasures vessels and a new class of medium minesweepers.

At the same time, it was stated that the Ministry of Defence planned a class of conventionally-powered patrol submarines to replace the present Oberon class, and also a class of off-shore patrol vessels, on which design studies had been completed.

It is among all these planned new orders that the "stretch-out" is likely to come, but precisely where will not be known for some time, certainly not until the annual Defence White Paper is published in early March.

The decision not to proceed with the Sky Flash Mark 2 air-to-air missile, first authorised under a £75m contract from the Ministry of Defence last April, will be a blow to the Dynamics Group of British Aerospace, although work on the programme had not yet reached its peak.

At this stage, it is not clear just what will be involved in the promised programme of "new technology for short-range air-to-air missiles," but the Defence White Paper last year revealed that the UK was discussing with West Germany, France and the U.S. possible collaborative arrangements for the development of the next generation of such missiles.

Two areas of considerable disappointment to the UK aerospace industry, not revealed in the statement this week but made clear by Mr. Nott in his subsequent Press conference, were that the plans for a new European Combat Aircraft (ECA) to replace the Jaguar were proceeding very slowly, and that Britain was not ready to decide on whether to develop the Harrier Mark 5 for the RAF or join the U.S. in developing the advanced McDonnell Douglas AV-8B version of the aircraft.

Both the ECA and Harrier programmes are considered vital to the long-term capability of the RAF, and there has been considerable pressure on the Government to get on with both ventures.

In the case of the Harrier, joining with the Americans on the AV-8B now appears to be a much more financially sensible solution than trying to forge ahead alone with the Mark 5 version.

Undoubtedly, in the UK's present funding difficulties, the U.S. Government and its aerospace industry can be expected to push vigorously for a "buy-American" solution to both the ECA and Harrier replacement situations.

Apart from the effects of the changes, the main concern with the defence manufacturing industries seems likely to be the problem of overspending by the Ministry, believed to amount to some £400m in the current financial year.

Another aspect of the situation is that, with manufacturers speeding up their existing defence programmes, and in some cases with no new defence orders forthcoming for some time because of the recession, some gaps in their production activities may occur.

It is at that stage that some companies may have to make some redundancies, although the changes the Defence Ministry has made in its spending plans are designed, as far as possible to prevent that occurring.

Use oil revenues to boost industry, Shell chief urges

BY RAY DAFTER, ENERGY EDITOR

CHAIRMAN and chief executive of Shell UK, Mr. John Raisman, yesterday called for a "Marshall aid plan" to channel North Sea oil revenues into UK industry.

He also urged the Government not to restrict oil production and revenue through the introduction of North Sea depletion measures.

Mr. David Howell, Energy Secretary, has indicated he wants to "flatten the hump" of North Sea output in the mid-1980s. As a result, the Energy Department has started to prepare recommendations.

Mr. Raisman said at St. Andrews' University in Scotland, that North Sea development should be encouraged to continue at as high a level as the industry could steadily sustain.

Apart from providing work for those involved directly and indirectly in theoil industry, the North Sea venture was providing tax revenues which could be used for industrial restructuring.

There was a case for dedicating a "significant" part of these revenues, to helping industry. Ideas worth considering included:

● Restoration of public capital expenditure in those sectors which make a "positive contribution" to the country's economic life.

● Further research and development in promising industrial sectors, including alternative energy.

● Investment in energy efficiency, including the development of companies involved in providing insulation materials and new energy-efficient equipment.

Mr. Raisman said the success of Germany's use of Marshall aid, designed for industrial investment, was a good pointer to the potential efficacy of such a plan.

The dedication of oil revenues to specific industrial purposes would help the Government to resist short-term pressures and would make the benefits and potential of North Sea development more apparent.

The opportunities presented by North Sea oil were much wider than generally appreciated. But the opportunities could be damaged unless Government policies were based on a stable and consistent approach to taxation, licensing and depletion, he said.

Mr. Raisman criticised those who wanted North Sea activities to be held back in order to ease the pressure on the exchange rate.

"Leaving oil in the ground is like leaving bullion in the vaults of a bank. It does nothing to reduce the credit rating of its owner. It does, however, deprive him of immediate revenue which he may urgently need and be able to put to good use."

North Sea development was the country's biggest entrepreneurial undertaking. In the next 15 years about £60bn would be spent on keeping the country self-sufficient in oil beyond the end of the century.

There was a danger that this steady progress could be damaged if North Sea oil was seen primarily as a floating fund for servicing the Public Sector Borrowing Requirement or as a mechanism for a "quick fix" whenever a new economic ailment manifested itself.

"It is very tempting for Government to take a hindsight approach to taxation when ventures prove successful, thereby tilting the balance of risk and reward and reducing incentives for future development."

More than 75,000 were directly employed in the UK offshore oil industry, and the number could double in the next 15 years. Aberdeen, the centre of the new industry, could be likened to an embryo Houston—oil capital of the U.S.—or "Silicon Valley" in California, he said.

BAe to go ahead with Jetstream

BY RAY PERMAN, SCOTTISH CORRESPONDENT

BRITISH Aerospace, the State-owned aircraft group, said yesterday it will go ahead with production of the Jetstream 31 twin-engined light transport aircraft in spite of a decision to defer a military order for the aircraft.

British Aerospace's investment in the project is believed to be over £20m. About 500 jobs will be created.

Workers at the BAe plant at Prestwick, Arysbire, which makes the aircraft, were told that surveys had confirmed an overseas market for it as an 18-seat commuter airliner or executive aircraft.

Since the first prototype flew last March, orders for 13 Jetstreams, which will sell at about £850,000 each, have been received. Five operators have signed options to buy another nine. Interest has also been shown for the possible purchase of another 30 to 40 aircraft.

The Jetstream 31 has been derived from a previous model, which was launched in 1967, but met with indifferent success. It has since been re-designed and equipped with more powerful Garratt AiResearch turbo-prop engines, which give better fuel efficiency and are quieter.

The aircraft will be offered in three forms, mainly as a civilian aircraft. British Aerospace also hopes to find a market for it as a military transport.

Mr. George Younger, Scottish Secretary, and Mr. Alex Fletcher, Scottish Industry Minister, have been lobbying hard inside the Government for support for the Jetstream project. At one stage they persuaded the Prime Minister to instruct the RAF to order the aircraft in preference to U.S.-built Beechcraft light transports.

But earlier this week, Mr. John Nott, Defence Secretary, told the Commons that because of spending cuts the RAF would not be ordering the 14 Jetstreams it had planned to buy.

Mr. Younger, many of whose consituents at Ayr work in the Prestwick plant, said he was delighted by the news. It would mean employment at the plant rising from 1,500 to 2,000 in the next four years. The production programme would last at least a decade.

The Scottish Office will be partly funding the £11m initial manufacturing cost for the first 13 aircraft with grants of about £3.5m made under the selective assistance provisions of the Industry Act.

The first production Jetstream will fly in early 1982 and first deliveries to customers will be made later that year. A production rate of 25 aircraft a year is planned.

Machine Tool Trades group head elected

By Hazel Duffy, Industrial Correspondent

MR. J. L. D. (PAT) GAILEY has been elected president of the Machine Tool Trades Association (MTTA). Mr. Gailey is chief executive and managing director of Giddings and Lewis-Fraser, a division of Giddings and Lewis of the U.S.

He will work closely with Mr. Roy Ward, who will be named soon as MTTA director general. Mr. Ward, 45, deputy director of the British Carpet Manufacturers Association, will succeed Mr. Howard Barrett, who retires on June 30.

Both men take over while the MTTA, one of the largest and most influential trade associations in the engineering industry, is wondering if it can go on representing the interests of the manufacturer and importer of machine tools at the same time.

Mr. John Halbert, the outgoing president, says in his annual report to the Association: "Perhaps because of the increasingly tough trading conditions in which we find ourselves the competitive relationship of these two sections of MTTA has—with increasing frequency and passion—intruded into our discussions questions as to whether the traditional form of MTTA will be satisfactory in the 80s and subsequently."

Although the divisions have been apparent for some time, this is the first time the Association has referred to them publicly.

Mr. John Campbell, chairman of the board of Cincinnati Milacron, has been elected a vice-president of the MTTA, and Sir Jock Wellings, chairman and managing director of The 600 Group, has been re-elected a vice-president.

Real ale group urges break-up of big breweries

BY GARETH GRIFFITHS

THE CAMPAIGN for Real Ale (CAMRA), the beer-drinkers' pressure group, wants the Government to split up the national brewery groups.

CAMRA, in a policy document published yesterday, says the market power of the Big Six national breweries is the main problem of the British brewing industry. It wants the Government to impose a limit on the number of tied public houses per brewery group and a maximum of 25 per cent of retail outlets in any area to be tied to one brewer.

The Big Six — Bass, Whitbread, Allied, Grand Metropolitan, Scottish and Newcastle, and Courage — should be split up on a basis of their regional companies, says CAMRA. Breaking up the Big Six is not a "problem of practicability, but a question of will."

Other proposals include a relaxation of the product ties on beer between brewers and public houses and more pub swops between brewers. CAMRA wants licensing laws to be modified to increase competition and choice.

"Failure by the Government to act will indicate that their adherence to the principles of competition and consumer sovereigntly is no more than a pretence."

The Brewers' Society said a break-up of the Big Six groups would lead to higher prices and less choice for the consumer. It could mean the closure of thousands of public houses if non-brewing companies bought up part of the industry.

"Whose Pint is it Anyway? A call from the consumer for radical change in the British brewing industry." Published by CAMRA.

Court grants unpaid crew order for sale of ship

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE CREW of a Panamanian-registered cargo vessel, who had the ship arrested because their wages had not been paid, were granted an order for its sale by the Admiralty Court yesterday.

Mr. Justice Sheen was told that the 1,155 ton Baricoaster had been under arrest in the Royal Albert Dock since December 19. The crew was still aboard.

The owners, Wizard Queen Navigation Co., of Panama, had not provided the crew with food, water or fuel, which had to be supplied by the Admiralty Marshal, said Mr. Jeremy Russell.

The crew had not been paid for six months and was owed a total of about £36,000.

Mr. Charles Haddon-Cave, for A. Ogden and Sons, owed £165,000 by the vessel's owners under two mortgages, supported the crew's application for sale. It was understood that no money would be forthcoming from the owners, he said.

The judge also ordered the repatriation of non-British crew members—most of them Turks—to Hamburg, where they had been signed on.

He was told that the International Transport Workers Federation, which backed the crew's claim, would pay the expenses of repatriation and recoup the money from the sale proceeds.

Digital Equipment to buy Ayr plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

DIGITAL EQUIPMENT, the U.S.-owned mini-computer company, is to spend £4.7m buying the freehold of its main UK manufacturing plant at Ayr, from the Scottish Development Agency.

In 1979 Digital expanded capacity four-fold at Ayr when it moved into a second factory built for it by the agency.

The company has assembled a site of 65 acres, giving room for possible further expansion.

UK is the biggest European market for Digital, which had sales in this country of £112m last year.

The Ayr plant, which employs 600 people, assembles and tests computer systems made to the requirements of individual customers from components produced by one of two Digital plants in the Irish Republic.

Production from Ayr has trebled in the past three years.

The work demands a high level of technical skill. Mr. David Spinney, plant manager at Ayr, praised the workforce for its ability and dedication. All quality and delivery targets had been met or surpassed.

Mr. Ray Bleasdale, estates director of the Scottish Development Agency, said the move reflected the potential Scotland offered to the electronics industry. In the past 18 months electronics companies announced more than £200m investment in Scotland.

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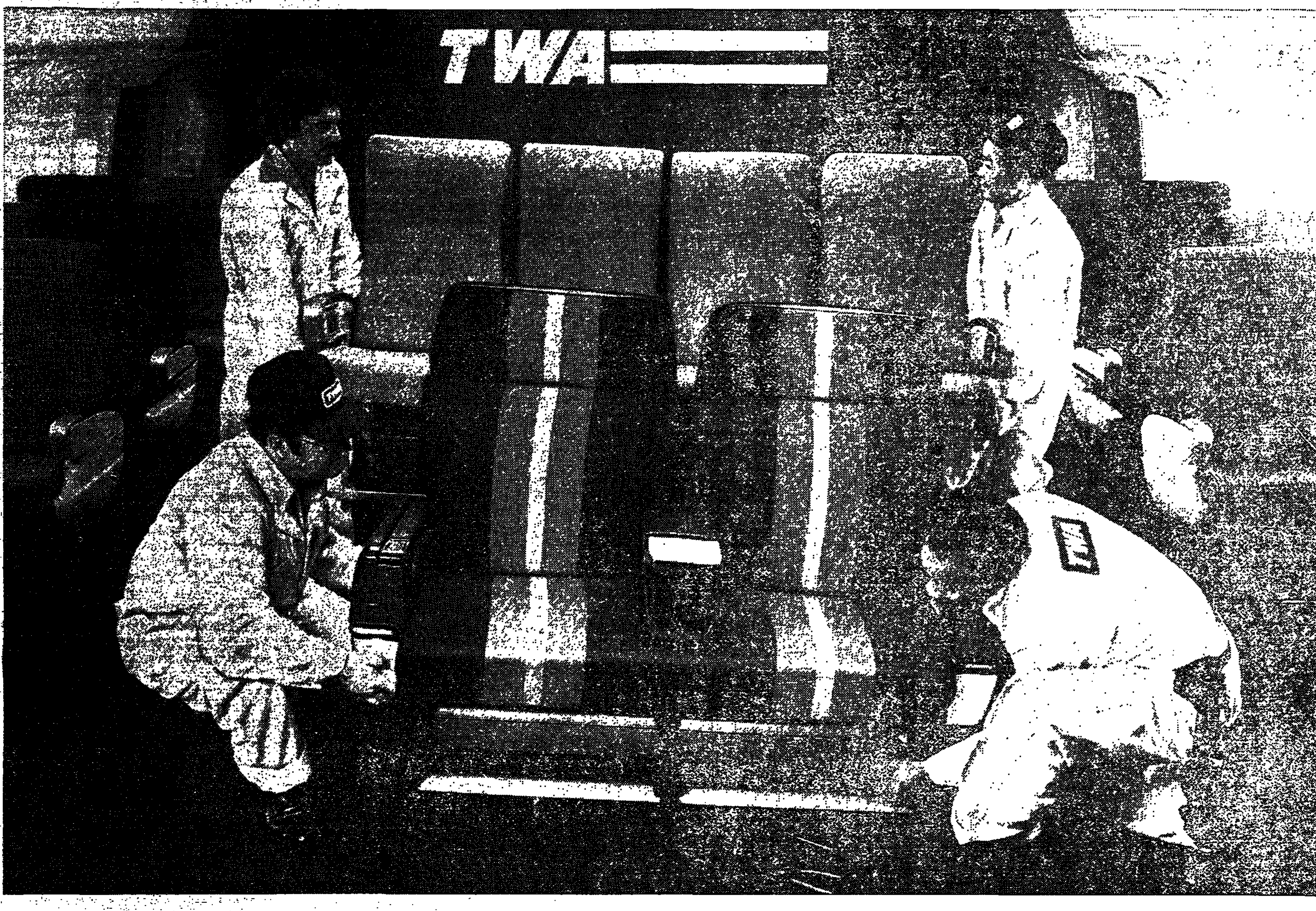

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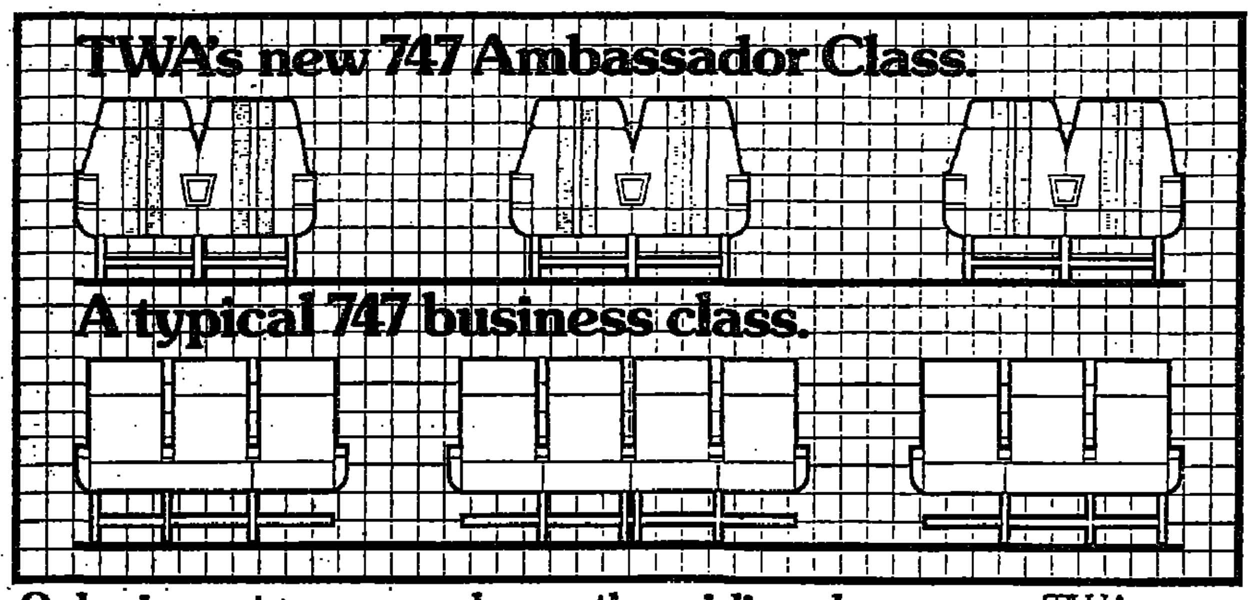

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Tax aid urged for small firms

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Government came under increasing pressure yesterday to introduce a major tax incentive in the Budget for people investing in small and medium sized companies when the Confederation of British Industry announced the second stage of its Budget proposals.

It wants tax concessions introduced comparable to those available for investments in pensions funds or mortgages.

The concessions would be available to people investing either directly in small businesses or through a new form of unit trust called a Small Firms Investment Company.

Sir Ray Pennock, CBI president, said that the confederation would prefer this initative to the proposed clearing bank loan guarantee scheme which the Government is about to start discussing with clearing banks and other financial institutions.

The CBI, however, will not oppose a pilot guarantee scheme if the Government decides to go ahead.

The tax incentive was approved yesterday by the CBI's council and follows its call last week for the Government to make a significant cut in the national insurance surcharge in the Budget.

It now seems extremely likely that the Chancellor will introduce some form of tax incentive. Ministers have been considering an income tax concession for those investing in new companies since last autumn, and recently the accountancy bodies called for 100 per cent tax relief on investments in unlisted companies.

The CBI's idea is more specific than this and follows the lines of the small firms investment company proposed last year by the Wilson Report on financial institutions.

It wants to make equity capital more readily available by attracting investment funds away from specially favoured areas such as pension funds and building societies.

Tax incentives would be available for investments only in a defined range of private or unquoted small and medium sized companies. The limit might be set by the number of employees—possibly up to 500 —or by the turnover according to Common Market company law classifications.

Individuals making equity investments in eligible companies, either directly or through the proposed small firm investment companies, should receive tax relief on income when making the investment.

The proceeds of such investments, when realised, should be taxed at a low rate of income or capital gains tax, the CBI said yesterday.

New paper for Scotland planned by Outram

By Ray Perman, Scottish Correspondent

GEORGE OUTRAM, part of the Lonrho-owned Scottish and Universal Investments group, plans to launch a new Sunday newspaper to circulate in Scotland, it said yesterday.

The paper, to begin publication in April, provided union agreement can be obtained, will be produced from Outram's recently-acquired printing plant in Glasgow, which prints the Glasgow Herald morning paper and the Evening Times.

The company has spent £13m modernising the plant and bringing in computerised photo-typesetting equipment. The decision to produce a Sunday newspaper is seen in the industry as a means of spreading the overhead costs and increasing the revenue base.

Outram's main rival in Scotland, Thomson Regional Newspapers, which publishes the Scotsman and the Edinburg Evening News, has also been considering a Sunday paper and has told unions it is investigating the likely advertising support.

Market gap

Mr .Angus Clark, managing director of Outram, said its research had shown that, in spite of the recession, the time was right to launch a paper. There was a gap in the middle and upper part of the market for a paper with real Scottish content.

Mr. Clark said the new newspaper could not be produced in April unless there was speedy and satisfactory agreement with unions.

"If we do not get a quick agreement then the project obviously will have to be reassessed. We plan to transfer some of our existing employees to the new paper and there will be an overall increase of approximately 50 jobs," he said.

The editor designate is Mr. Charles Wilson, a former senior editorial executive with Associated Newspapers, who has edited the Glasgow Evening Times for the past five years. He was recently made editorial director of Outram.

"The new paper will be a printed broadsheet with regionalised editions for different parts of Scotland," he said. "It will be totally separate in character and content from our existing papers with its own strong editorial staff. The initial target circulation will be about 175,000.

"It will be a quality paper catering for the intelligent and discerning reader. It will aim both to inform and entertain, covering the broadest range of national and international affairs.

"The accent will be on Scotland and it will provide for the first time the analysis and commentary on Scottish affairs that has been missing from the London-published Sunday newspapers."

Seven councils 'had over 1,000 houses empty'

BY ANDREW TAYLOR

SEVEN ENGLISH local authorities each owned more than 1,000 homes which by the end of March last year had been empty for more than a year, Mr. John Stanley, the Housing Minister, disclosed yesterday. Five of the councils are in London.

Mr. Stanley had been asked to give a list of all local authorities with more than 100 dwellings vacant in the 12-month period. Top of the list was Manchester City Council, with 1,869.

Some London boroughs on the list strongly criticised the way in which the figures were compiled. A spokesman for Islington, with the second highest number of vacancies, 1,401, said that many of the properties were left empty while building work was done.

"Around 1,000 of the 1,400 homes which figured on the Government's list were being rehabilitated during the period concerned, and it is hardly surprising that these properties should have been empty, as building work on avearge was taking around nine months to complete," a senior Islington housing official said last night.

The Government's list was taken from housing investment programme submissions by English local authorities in July. The London boroughs were Camden, Lambeth, Southwark, Hackney and Islington.

A spokesman for Southwark said that its housing department, like those in other London boroughs, had been involved in a major rehabilitation programme of older properties for five years. As a result the council acquired many substandard properties, but work on these had been halted because of Government spending cuts.

"These properties are now lying empty because we cannot afford to carry out rehabilitation work, and a number are up for sale.

"In 1980-81 Southwark's housing investment allocation was cut from £54m to £41m, and in 1981-82 this is going to be reduced further, to £27m." Southwark said.

Lambeth said that of the 1,189 properties the Government had included as lying empty for more than 12 months, "994 were undergoing major repairs or full rehabilitation work; 137 were awaiting demolition; and a further 58 were waiting to be let after having undergone rehabilitation work in 1978-79."

Councils have faced growing criticism of what some regard as an unacceptably high number of empty properties when council new building programmes have been slashed through spending cuts.

The House Builders' Federation referred this week to "a housing crisis looming in the 1980s" because of winding-ing down of public-sector housing programmes and the squeeze on private builders, which limited houses started by them to about 100,000 last year, against 141,000 in 1979.

All the councils named as having had more than 1,000 properties empty for a year are Labour-controlled.

Manchester City Council declined yesterday to comment on its top position on the Government's list.

Mr. Stanley, replying to a Parliamentary question from Mr. Michael Latham, Conservative MP for Melton, said that the Government had introduced a number of measures to help councils reduce vacant homes. The measures included:

- Right to an Exchequer grant of up to £3,250 per dwelling to improve homes for sale;
- Right to sell homes in their present condition at discounts of up to 30 per cent;
- Authorities allowed to apply for permission to waive mortgage interest payments for up to five years on houses and flats being sold for "homesteading";
- The Government to abolish rules barring housing improvement subsidies on local authority properties less than 30 years old.

Councils with more than 100 dwellings vacant for more than 12 months

Manchester (Lab.)	1,869	Hillingdon (Con.)	269
Islington (Lab.)	1,401	Leicester (Lab.)	255
Knokwsley (Lab.)	1,400	Portsmouth (Con.)	218
Hackney (Lab.)	1,267	Oldham (Lab.)	212
Southwark (Lab.)	1,196	Hounslow (Lab.)	200
Lambeth (Lab.)	1,189	Test Valley (Con.)	198
Camden (Lab.)	1,080	Newham (Lab.)	172
Birmingham (Lab.)	780	Wansbeck (Lab.)	171
Lewisham (Lab.)	757	Epping Forest (Con.)	156
Corby (Lab.)	714	Bradford (Lab.)	145
Hammersmith (Con./Lib.)	645	Leeds (Lab.)	126
Haringey (Lab.)	548	Kensington & Chelsea (Con.)	121
Sunderland (Lab.)	421	Kirklees (Lab.)	115
Calderdale (Con./Lab.)	383	Rochdale (Lab.)	113
Waltham Forest (Lab.)	353	Wakefield (Lab.)	111
Westminster (Con.)	329	Mendip (no overall control)	110
Tower Hamlets (Lab.)	307	Sutton (Con.)	105
Brent (Lab.)	274	Coventry (Lab.)	100
Wandsworth (Con.)	273		

Bunch appointed chairman of Electricity Council

BY MARTIN DICKSON, ENERGY CORRESPONDENT

MR. AUSTIN BUNCH, deputy chairman of the Electricity Council, has been appointed its new chairman in succession to Sir Francis Tombs, who resigned at the end of last year because of a policy dispute with the Government.

But Mr. Bunch, who is 62, will be essentially a caretaker leader. His appointment only runs until the end of March next year—the time when Sir Francis' five-year term would have expired had he not resigned.

The fact that it has taken the Government more than three months to announce a successor, only to finally name a caretaker, suggests that it has not been easy to fill the £48,000-a-year post.

Sir Francis announced last October that he would be resigning, because the Government had decided against reorganising the electricity supply industry in England and Wales to create a single statutory body under his leadership.

He had accepted the chairmanship in 1977 on the promise that a reorganisation would be carried out.

But Mr. David Howell, the Energy Secretary, decided to maintain intact the existing structure of the industry. This gives the council a largely advisory role, leaving power essentially in the hands of the Central Electricity Generating Board, which supplies the power, and 12 Area Boards, which market it.

Mr. Howell said he wanted to strengthen the advisory role of the council chairman, whom he regarded as his main policy advisor in the industry, and to improve co-operation between the council and the board.

Mr. Bunch, therefore, faces the delicate task of restoring the self-confidence of the council — bound to have been affected by Sir Francis' departure — and carvin gout a new role for it in relation to the rest of the industry.

Mr. Bunch became the council's deputy chairman in 1976. After training as a chartered accountant, he joined the Southern Electricity Board in 1949, working for them for the next 25 years, becoming chairman in 1974.

He is succeeded as deputy chairman of the council by Mr. Alan Plumpton, aged 54, who is currently chairman of the London Electricity Board. Mr. Plumpton's appointment runs for five years, until January 1986.

Banks join in search for new customers

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE HIGH STREET banks have joined in a new co-operative effort to reduce the exceptionally high level of Britain's unbanked population.

They have set up a special payment of wages working group to encourage employers and employees to move away from paying wages in cash.

The banks say that at present 54 per cent of all British employees, and 78 per cent of manual workers, are paid in cash, compared with 1 per cent of workers in the U.S. In France, Germany, and Canada, cash payment accounts for about 5 per cent.

About 40 per cent of British workers paid weekly in cash do not have a bank current account.

The working group is producing a series of case studies on the experience of companies which have recently moved away from weekly cash wage payments. The first studies concerning Marks and Spencer, Marconi, Currys, Radio Rentals and Henry Wigfall, are available from the Banking Information Service, 10, Lombard Street, London, EC3.

Some banks said yesterday that they would offer employees who are affected by changeover "free" services for a year, jrovided accounts are kept in credit.

Mr. Maurice Denton, a senior executive of NatWest Bank, predicted that, as a result of the present efforts, Britain's unbanked population would be reduced to between 10 and 15 per cent of the adults within five years.

EEC grants £12.46m to Britain

By Anthony Moreton, Regional Affairs Editor

THE UK received £12.46m in grants from the European Community's regional fund in the final quarter last year. But only £1.96m went directly to industry.

Grants totalling £10.5m for industrial or tourist projects were paid to the Treasury, which used the income to offset money already forwarded by the Government on various projects.

The one big project directly helped by Brussels was work being undertaken at Manchester airport to strengthen and improve the main runway, which received £1.9m.

Regional fund grants to the UK last year amounted to £157m. Britain has received £566.45m since the fund began operating in 1975.

Consumer policy loophole attacked

LEADERS of Britain's consumer movement will today urge the Government to reconsider its policy on new laws to increase manufacturers' liability for defective products. They say Government policy will give manufacturers a loophole to escape liability by claiming that they were unaware of the fault in a product because of the limit of scientific knowledge at the time.

ITV viewing figures fall

ITV's share of the British television audience in December slipped markedly. ITV's own figures show the share to be down from 48 per cent to 46 per cent. The BBC claims that ITV's share was only 40 per cent.

Figures produced by the Independent Television Companies Association show ITV's total net advertisement revenue last year was £529,311,243.

Depressed demand for graduates

EVEN engineering gradutes are likely to find jobs in short supply this year, say the three main organisations concerned with recruitment at upniversities and polytechnics. The sole exception to a depressed demand for new graduates is electronics.

De Lorean starts up

DE LOREAN, the Belfast sports car venture backed by £70m of British Government funds, is on the brink of volume production. Mr. John De Lorean, the former General Motors executive who is DMC's chairman, ceremonially drove one of the first full production cars off the assembly line yesterday.

Meal cuts make 2,500 redundant

BY JOHN LLOYD AND ROBIN PAULEY

NORFOLK and Lincolnshire County Councils are making 2,500 school meal workers redundant as part of cuts in the service aimed at saving nearly £3m.

In Lincolnshire about 1,600 of the 3,000 kitchen and supervisory workers will lose their jobs in an attempt to cut the cost of the county's school meals service from £4.6m to £2.6m. Some of the workers will be offered jobs on a casual basis.

The county will continue to provide a cash cafeteria service in secondary schools and will change over to snack meals service in primary schools.

Free meals will continue to be provided for children of families receiving supplementary benefit or family income supplement.

Norfolk hopes to save £900,000 by losing 900 of its 2,150 kitchen staff. The 1,300 supervisory staff will be retained. Children aged eight and above will have a cash cafeteria. Children under eight will have no facilities except supervision for those who bring packed lunches. Packed lunches will be provided for children entiled to free lunches.

Although Norfolk is already sending out the redundancy notices and intends to close 400 kitchens by the end of this term, it still hopes to negotiate a way of saving both the jobs and the meals service with the union.

This would involve measures such as staff paying the full cost of their own meals, different conditions on pay and retention pay during holidays or, perhaps, closing kitchens which provide 50 meals or fewer but keeping the others open.

Mr. Rodney Bickerstaff, national officer for the National Union of Public Employees, said the two counties were attempting to abolish the school meals service.

He said that any industrial action would be organised at local level. However, the union would ensure that the cuts in the service were a major issue in the county council elections in May.

Mr. Tom Pendry, who is a NUPE-sponsored MP, will attempt to have a supply date set aside for a House of Commons debate on the service.

Mr. Bickerstaff said attempts by Norfolk to "tear up" national agreements on sick pay and holidays in an effort to save money were "ridiculous."

Dutch captain refused pilotage certificate

BY RAYMOND HUGHES

A DUTCH ferry master employed by North Sea Ferries passed the examination qualifying him to pilot his own vessel into the Humber. But the Humber pilotage committee has refused him an immediate pilotage certificate.

The committee told North Sea Ferries that it wants to defer the decision whether or not to issue a certificate to Captain Dirk Cordia until after a Pilotage Commission visit to Hull on February 20.

The company said yesterday that the usual procedure was for certificates to be issued as soon as the examination was passed.

Captain Cordia has been sailing into the Humber for about 15 years. He was one of four NSF Dutch masters who took High Court action over the refusal of the British Transport Dockqs Board to examine them. The board told the court that it had delegated its powers on pilotage matters to the Humber pilotage committee.

The court case was adjourned after the Trade Secretary ordered that the four should be examined.

Two of the four—one with 35 years' experience of navigating the Humber—failed the examination. They have been told that they can resit it.

The fourth will be examined next week.

The 1979 Merchant Shipping Act provides for suitably qualified masters and mates from EEC countries to be certified fit to dispense with pilots in UK ports. The entitlement is similar to one which has been available to UK seamen in Continental ports for several years.

Section 10 of the Act entitles a pilotage authority not to issue a certificate if it considers that there are already sufficient qualified pilots in its area.

It is understood that the Humber pilotage committee has not invoked that section.

Davy alleges Enserch is involved in $55m law suit

BY JOHN MOORE

DAVY CORPORATION of the UK, the process engineering group facing an unwelcome takeover bid from Enserch Corporation of the U.S., has alleged that Enserch is involved in a $55m law suit, and other litigation amounting to "tens of millions of dollars."

The allegation is made in Davy Corporation's legal action against Enserch, a natural gas transmission and distribution company, in an effort to halt the U.S. group's £140m bid.

Enserch said it intends to defend the Davy action vigorously.

In its 67-page complaint filed in the U.S. District Court of Columbia, Davy claimed Enserch had been sued for more than $45m in actual damages and $10m in punitive damages over an alleged breach of a natural gas purchase agreement.

Davy alleged in its action that Enserch failed to disclse adequately the number, type and extent of claims pending against it.

In its complaint Davy said "two other suits have been brought against Enserch seeking tens of millions of dollars in retroactive price redeterminations and prospective price adjustments in connection with natural gas supplied to Enserch under contract."

Davy alleged that Enserch failed to disclose material aspects of its business.

The UK group alleged that Enserch had made only limited disclosures in a report filed with the Securities and Exchange Commission concerning "certain possible questionable payments" to foreign governmental officials and others by a subsidiary of Enserch.

"This disclosure grossly misrepresented the nature and extent of the illegal payments described," said the Davy complaint.

Former ore mine to be re-worked

BY LISA WOOD

AN IRON ore mine in Cumbria, closed by the British Steel Corporation last year, is to be partly re-worked in a new enterprise established by Lord Egremont, the land owners, and redundant miners.

The Florence mine at Egremont will be the only working haematite iron ore mine in Western Europe. Some of the ores to be mined, such as kidney ore, are much sought after by collectors. Details of the project are still to be finalised.

The Egremont Mining Company is being formed by Lord Egremont, his mother, the Dowager Lady Egremont, two former executives of BSC, a local consultant mineral surveyor, and eight iron-ore miners who were made redundant when the mine closed. All of them and any new employees will become shareholders. The miners will have one representative on the board.

The Egremont Estates trustees, who hold the land on behalf of Lord Egremont and his family, said the idea for reworking part of the mine came from the two former BSC employees and the mineral surveyor. They believed that demand existed for relatively small quantities of this high-grade ore which is used for specialist purposes, including in iron and steel foundries.

A small workforce could therefore meet the demand. BSC, which used the iron-ore at its now-closed Workington plant, employed about 100 miners when it worked all of the mine, much of which has flooded since pumping ceased. The project may start operations next month.

BR plan wins top award

A BRITISH RAIL scheme which revived old stations to create a new passenger link in Glasgow has won one of the five premier business and industry awards for 1980.

Known as the Argyle line project, it is commended for connecting two existing rail networks with the twin results of improved passenger figures and improved appearance.

The awards, now in their sixth year, are given by the Business and Industry Panel for the Environment to projects making an outstanding contribution to environmental quality beyond statutory requirements.

This year the panel asked for entries where the emphasis was on the conservation of resources, such as energy.

Power price rises soon, says Howell

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

FURTHER PRICE increases for domestic and industrial gas and electricity users are on the way this year as the effects of the OPEC price rises and the Iran-Iraq war work their way through, Mr. David Howell, Energy Secretary, warned the Commons yesterday.

He told MPs that he hoped to make an early approach to the new Reagan Administration about unfair energy pricing in the United States.

He stood adamantly by his philosophy that the government should not intervene to keep industrial energy prices down. Despite scepticism from the Opposition, he maintained that the price of oil was the direct result of world supply and demand.

In particular, he firmly rejected any suggestion that the Government should introduce a two-tier system to increase the price of domestic gas in order to hold down the industrial price.

He had, however, asked the British Gas Corporation to consider what further assistance it could give to the large bulk user and it had agreed to pursue the matter.

In addition, he had discussed with the electricity industry the possibility of cost savings through load management and the industry was looking actively at it. This could result in savings to the majority of heavy and continuous users. The new chairman of the Electricity Council, Mr. Austin Bunch, whose appointment was announced yesterday, was pursuing this swiftly.

Mr. Howell described the oil situation as "a volcano, a price earthquake." He declared: "Despite North Sea oil, there is no escape for us from the price upheavals and disruptions which these colossal changes cause."

"Whether we experience a much higher exchange rate, higher unemployment, loss of overseas markets or a mixture of all three, "there is no escape from these terrific shocks."

He said that much the worse danger facing the Western economies at the moment was a further price explosion of the 1979 variety. Therefore, it was absolutely vital to work internationally to prevent the sort of panic oil buying which led to the "fantastic increases" in oil prices in 1978-79.

Britain and the Western economies, he said, were on a "knife edge" and would remain so as long as the West depended on Middle East oil supplies and on access through the Straits of Hormuz.

Howell: No intervention to keep prices down

He was replying to a Labour motion deploring the Government's lack of overall energy policy and condemning the pricing policy which handicapped the competitiveness of British industry.

The motion, moved by Mr. Merlyn Rees, Labour's new energy spokesman, rejected the reduction in output projected in the Government's "Plan for Coal."

The Government had put down an amendment recognising the realism of its energy policy and welcoming the renewed vigour with which the nation's energy resources were being developed.

Mr. Howell told his Labour critics: "It would be an utter betrayal to try now to cocoon our country against the reality of high priced energy generally only to have these realities hit us with typhoon ferocity later on."

It was not true, said Mr. Howell, that the price of oil had been dragged up by the Government. "What determines the high price of oil is the law of supply and demand. We are constrained by world market prices. That is inescapable."

Some suggested that the Government should step in so that we could sell North Sea oil to ourselves "on the cheap." But then the country would be doing itself out of higher revenues. We would be drinking up North Sea oil resources that much faster.

He agreed that there were problems of unfair overseas trade threatening certain industries, notably chemicals and textiles. There was no doubt that British industry was being severely threatened by artificially low U.S. oil and gas prices.

"It may be that under the new U.S. administration there will be faster movement towards deregulation of oil and gas prices. I certainly intend when I see the new American Energy Secretary to make that point to him. I am hopeful that deregulation will be recommended to the new Congress."

From the Opposition front bench, Mr. Rees said that at the very least there should be an alleviation of energy prices to intensive users such as the paper and board industry and foundries.

He urged the Government to look again at the financial targets for the fuel and power industries with a view to lightening the burden on intensive users.

Most of his speech concentrated on criticising the Government's coal policy and he was challenged by **Mr. Nick Budgen** (C., Wolverhampton South West) to say whether he favoured legislation to stop coal imports into Britain.

Mr. Rees replied: "I am against importation of coal. It does not need legislation to stop

Rise in RAF interceptions of Soviet aircraft

By Lynton McLain

INTERCEPTIONS of Soviet aircraft by the Royal Air Force inside the UK air defence region "far to the north" of the British Isles increased substantially last year to an average of five interceptions a week, Air Chief Marshal Sir Michael Beetham, chief of the air staff, said yesterday.

In 1979, the interception rate was four a week and Sir Michael said the increase was a "further indication of the steady growth of Soviet air activity." He said that, should war come, air defence of Britain would be "the first, the major and the decisive element in our survival. Lose control of our airspace, and we should certainly lose our country."

He gave the latest figures in a speech at the Royal Air Force Club in London less than 24 hours after Mr. John Nott, Defence Secretary, told the House of Commons that Britain was not, after all, to get a third squadron of British Aerospace Lightning jet interceptor aircraft, previously considered vital to enhance Britain's air defence capability against intruding Soviet aircraft.

The decision to abandon the plan for a third Lightning squadron came on Tuesday as part of the Government's insistence on a cut of £200m in defence spending, in line with demands from the Treasury.

Sir Michael said the defence cuts had resulted in a cutback in fuel consumption. This had affected the RAF's day to day operations and its training programmes.

Cost escalation in real terms had "markedly exceeded the inflation rates" allowed for in the cash limits for the RAF's equipment programme. The result was that the RAF had "no alternative" but to buy less equipment.

Nevertheless, the cuts announced on Tuesday still left intact the core of the RAF's substantial re-equipment programme. This is based largely on the tri-national Tornado multi-role combat aircraft, which is now equipping the Anglo-Germany-Italian training base at RAF Cottesmore, which opens officially today.

Britain revokes trade sanctions against Iran

BY IVOR OWEN

BRITAIN LIFTED trade sanctions against Iran from midnight amid fresh appeals to the authorities in Tehran to release the four British citizens who have been held without any charge being made against them.

During Question Time exchanges in the Commons yesterday, **Sir Ian Gilmour**, deputy Foreign Secretary, resisted suggestions that the lifting of sanctions should be directly linked with the freeing of the detainees.

He called for the release of the detainees "forthwith" and made it clear that the Government did not intend to get drawn into a bargaining situation in order to secure their freedom.

Sir Ian insisted that there was a clear distinction between the position of the British detainees and that of the U.S. hostages.

The only similarity between them, he stressed, was that neither should have been detained in the first place.

In lifting trade sanctions, Britain acted in accord with her EEC partners as agreed at the meeting of EEC Foreign Ministers in Brussels on Tuesday.

Sir Ian emphasised that the revocation of the Order prohibiting the making and performance of contracts for the sale, supply or transport of goods from the UK to Iran did not extend to an automatic resumption of trade in armaments.

This aspect was probed by **Mr. Denis Healey**, Labour's shadow Foreign Secretary, who urged the Government not to seek to persuade other EEC countries to supply arms to Iran until peace was restored to the area and the fighting with Iraq had ceased.

Sir Ian was unable to speak for all EEC countries but told MPs that so far as Britain was concerned, the sale of strategic goods or arms to Iran would remain subject to the issue of an export licence.

Future applications for licences to export arms to Iran would be considered in the light of all the relevant circumstances, including the war situation and Britain's relations with Iran.

Pensions report avoids specific proposals

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE PRIME MINISTER'S hopes of being able to come forward soon with proposals on civil servants' pensions appear to have reecived a setback. The Government will publish the results of the independent inquiry into public-sector inflation-proofed pensions within the next few weeks.

The report has apparently disappointed Mrs. Thatcher because it does not make any specific recommendations which could be acted upon. Instead, it is believed to raise several issues which would require further work before they could form the basis of a discussion paper.

Mrs. Thatcher seems unlikely to have changed her view that public-sector employees do disproportionately well out of their pensions and that some change is necessary.

This view is widely held on Tory backbenches so the Prime Minister will probably try to keep the debate going.

The committee, chaired by Sir Bernard Scott, chairman of Lucas Industries, was not originally asked to look at the principle of inflation-linking.

Instead, it was asked to consider whether Britain's public sector employees were paying enough for the privilege of inflation-proofing.

In a pre-Christmas interview, Mrs. Thatcher indicated that she hoped the committee would say what it thought about the whole question of index-linked pensions.

In the event, the report did not take a view on whether inflation linking should be continued. Neither does it specify how much civil servants should pay for their pensions.

Some Ministers are relieved that the report does not provide Mrs. Thatcher with ammunition to launch an attack on public sector pensions.

More than 3m employees are eligible for the pensions, and though many Tory MPs are unhappy about index linking for civil servants, some Ministers felt that an attempt to change the system now could jeopardise Government chances of getting public sector workers to accept moderate pay settlements this year.

Mrs. Thatcher yesterday completed her discussions with the heads of the three independent bodies looking into public sector pay.

Private help essential to develop inner cities—King

FINANCIAL TIMES REPORTER

MR. TOM KING, Local Government Minister, yesterday called on business and industry to put private investment back into inner cities.

Speaking at the Royal Society of Arts, where he presented awards to industry, Mr. King stressed the need for more involvement in the European Campaign for Urban Renaissance. The campaign, launched in October last year, aims to improve the quality of urban life.

He used the example of the redevelopment of Covent Garden market into a shopping piazza, as a way in which this can be done by taking "new approaches to the problems of inner city decline.

He stressed the need for closer collaboration between industry and local government.

At a conference on commercial and industrial rates the previous day he said: "There is a clear need for people from industry and commerce with experience of handling substantial budgets and investment decisions, to get involved and to play their part in helping councils to get better value for money."

Goldsmith warns of Communist infiltration in media

BY JAMES McDONALD

PARLIAMENT must legislate to establish standards for journalists and the media to guard against Communist infiltration and propaganda, Sir James Goldsmith told the media committee of the Conservative Party in the House of Commons yesterday.

These standards should ensure that "membership of the Press Council be truly independent and responsible," said Sir James, whose statement was headed "The Communist Propaganda Apparatus and Other Threats to the Media."

He called also for a law—similar to the American Foreign Agents Regulations Act—which would make it necessary for journalists, or anyone receiving payments and "inducements" from a foreign government, to register as an agent of that country.

In addition, the standards should lay down that "as far as is practicable, the media and those who are involved with it should disclose the sources of their funds."

Sir James was strongly critical of the Press Council "I was surprised to read only a few weeks ago that they have now called for a Freedom of Information Act which would make information held by the Government available to the public as a legal right.

"This sounds like the sort of proposal put forward in the U.S. which led, in that country, to the Freedom of Information Act and the Privacy Act. The U.S. has now had experience of the effects of these Acts. They are accepted as amounting to a Charter of Rights for the KGB

Extension on excise duties question

THE EUROPEAN Court has agreed to an extension until the end of April in the time allowed for the UK and the European Commission to examine further the question of the relationship between excise duties on wine and beer, **Mr. Peter Rees**, Treasury Minister of State, said in a Commons answer

APPOINTMENTS

New chairman at Powell Duffryn

Viscount Sandon has been elected chairman of POWELL DUFFRYN in place of **Mr. C. S. Aston**, who has left the Board to devote the maximum time to his outside interests. **Mr. John Franklin** continues as managing director and has been appointed chief executive.

Lord Sandon was appointed a non-executive director of Powell Duffryn in 1976. He is a deputy chairman of National Westminster Bank, chairman of International Westminster Bank, chairman of the Orion Bank and National Westminster Unit Trust Managers, deputy chairman of Coutts and Co. and a director of the United Kingdom Provident Institution.

★

Mr. J. L. Walker-Haworth has been appointed an executive director of S. G. WARBURG & CO. **Mr. J. F. Donahue**, **Mr. D. J. Good**, **Mr. R. H. Grierson** and **Mr. J. W. Hyland, Jr.**, senior members of A. G. Becker-Warburg Paribas Becker Inc., have become directors of S. G. Warburg.

★

Mr. James W. Downer has been appointed managing director of RANK FILM LABORATORIES, of which he has been sales director since 1978. He succeeds **Mr. James Daly**, who is now managing director of the Rank Organisation's newly-formed film and television services division.

★

AVIATION AND GENERAL INSURANCE COMPANY states that due to a re-alignment of other responsibilities, **Mr. R. H. Peet**, nominee of Legal and General Assurance Society and immediate past chairman of Aviation and General, and **Mr. K. H. Williams**, nominee of Norwich Union Fire Insurance Society, have resigned their directorships of Aviation and General. **Mr. T. J. Palmer**, general manager (international), Legal and General Group Limited, and **Mr. J. Campbell**, general manager, Norwich Union Fire Insurance Society, have become directors of Aviation and General.

★

Mr. Keith J. Willoughby has been appointed a non-executive director of CARRERAS ROTHMANS. Mr. Willoughy is a full-time director of corporate planning at F. W. Woolworth and Co.

★

Mr. Laurie Heylings has been appointed to the board of NEW SMITHS STAINLESS, of Roberttown, West Yorkshire, as technical director.

★

Mr. John Leppard has been appointed managing director and **Mr. Keith Taylor** has joined the board of RAPPORT INTERNATIONAL HOLDINGS. Mr. Leppard has been in the motor trade for 33 years and was a main board director of Heron Motor Group and managing director of H. R. Owen. Mr. Taylor has held a number of positions in the automotive component industry.

★

Mr. D. E. Neyland has been appointed a director of JENKIN AND PURSER, a subsidiary of Jenkin and Purser (Holdings), with a special responsibility to expand the property secured finance broking of the company.

★

Mr. Brian Bolam has been appointed managing director of S RUSSELL & SONS, of Leicester.

Mr. John Bowis has been appointed campaign director for the BRITISH INSURANCE BROKERS' ASSOCIATION, public information campaign, which will publicise the benefits of using registered insurance brokers. Mr. Bowis was formerly a director at the Conservative Party Central Office.

★

Mr. Norman Sagar, recently general manager for marketing and sales Northern Europe for Farrell Lines, has become an associate director of BROWN JENKINSON & CO. of Barking, with special responsibility for the HAPAG-LLOYD Services.

★

Mr. Peter Doole has been appointed managing director of MANSON LEASING and MANSON LEASING MANAGEMENT, which have been formed by Manson Finance Trust. The new concerns will be based at 22 Imperial Square, Cheltenham. Manson Finance Trust has also established MERCANTILE AGRICULTURAL FINANCE (MANAGEMENT) with **Mr. Barrie Turner** as managing director. That company will operate from 107 High Street, Evesham, Worcs.

Mr. Paul Gardner, managing director of Ashton Paper Mill, has been appointed a deputy divisional chairman of the case and paper division of MARDON PACKAGING INTERNATIONAL.

★

Mr. R. E. Artus has been appointed to the Board of the MERCANTILE AND GENERAL REINSURANCE COMPANY. **Mr. P. E. Moody** has resigned as a director.

★

Mr. J. B. Haggas was elected deputy chairman of DAWSON INTERNATIONAL.

★

CHEMICAL BANK has appointed **Mr. Francis J. Lambert** a vice-president responsible for its European Shipping Group based in London.

★

Mr. Jessel R. Harris has been appointed finance director and company secretary of LYNTON HOLDINGS.

★

Mr. J. G. T. Carter has been appointed deputy general manager, **Mr. P. G. Ward**, life manager and **Mr. A. Swan**, planning manager of the UK division of COMMERCIAL UNION ASSURANCE from February 1.

★

Mrs. M. Lundy has been re-appointed a member of the HEARING AID COUNCIL. **Mr. L. D. Hills**, **Mr. C. A. Powell** and **Mr. A. Huntington** become members. The appointments are for three years.

★

RENAULT TRUCKS AND BUSES UK has formed a commercial division headed by **Mr. Nick Buckley** as commercial director. He originally joined the board as marketing director in April last year.

UK NEWS—LABOUR

Seamen claim separate offers from 3 companies

BY PAULINE CLARK, LABOUR STAFF

LEADERS of Britain's striking seamen yesterday claimed that three shipping companies had broken ranks with the main body of employers and offered separate pay deals which "may satisfy" union demands.

Two of the companies were said to be owners of deep sea vessels and one to be "a major shipowner in the coastal trade." The National Union of Seamen said they approached the union for talks yesterday as worldwide industrial action by British seamen went into its ninth day.

The General Council of British Shipping, representing 200 shipping companies, denied it had received any reports of its members approaching the union with proposals exceeding the national 12 per cent offer, which has been rejected.

Yesterday's offers, said to affect crews on 50 ships, are believed to have gone some way to meeting the union's central demand for overtime rates at time and a half in placeof the present time and a quarter—a demand which the GCBS has costed at 20 per cent.

The dispute, which affects about 26,000 seamen, continued to worsen yesterday as an increasing number of employers adopted the GCBS's "get tough" policy.

A "big majority" of shipowners were said to have stopped seamen's pay during strike action. Some had gone further and dismissed crews involved in industrial action despite union warnings that such companies would be blacked.

The crews of four ships owned by the United Baltic Corporation in Hull, on the Tees and at Grangemouth, were paid off after decisions to strike indefinitely. Two more crews on cargo ships in Liverpool were also sacked.

The union said it was seeking the support of the Transport and General Workers Union in blocking all Townsend Thoreson traffic in Southampton after the crew of one of the ferries—the Viking Valiant—was paid off.

Among ferry services affected by lightning industrial action was the P & O Liverpool/Belfast service which the company threatened to axe at Christmas after a 24-hour strike.

Further action is expected on ferry services today, including Holyhead.

The union said 142 ships were held up yesterday—52 in foreign ports and 90 in the UK.

The GCBS said it was sending 50,000 leaflets to seamen employed by its members giving details of hte latest pay offer, which it says many seamen are prepared to accept.

Most BA flights 'not threatened by action'

By John Lloyd, Labour Correspondent

BRITISH AIRWAYS said last night that more than two-thirds of its flights in and out of Heathrow Airport tomorrow will operate normally, despite a threatened one-day strike by the 18,000 maintenance engineers and ground staff.

Talks continued yesterday in an attempt to call off the unofficai stoppage, without success.

At the same time, the clerical and administrative groups rejected the company's pay offer, which is for an increase of 8 per cent after a three-month pay freeze.

However, Mr. Tudor Thomas, deputy general secretary of the Association of Professional, Clerical and Computer Staffs and chairman of the staff groups, said last night that they had asked him to attempt to conclude an "amicable" settlement.

The airline said that the majority of its European flights were expected to go ahead, and that only three intercontinental flights were likely to be stopped. All shuttle flights to Glasgow, Edinburgh, Manchester and Belfast would be working normally.

The stoppage is only likely to affect Heathrow. Airline staff at other UK airports have indicated that they will work normally.

BA has told the unions that its expected losses of £100m before tax in the present financial year does not enable it to increase its delayed offer of 8 per cent.

It has also said that it wishes to cut back its 54,000-strong labour force by 3,000-4,000 over the next two years. The maintenance engineers and other ground staff are pledged to resist any redundancies.

Royal Insurance staff in 14% deal

By Nick Garnett, Labour Staff

STAFF AT the Royal Insurance Company which employs about 9,000 people in the UK have agreed a 12-month pay deal giving increases of 14 per cent on salaries from January.

Mr. Peter Kennedy, national officer of the Association of Scientific, Technical and Managerial Staffs, which negotiated the deal at Royal, said yesterday that agreement had also been reached on pay at the Zurich insurance company.

This provides increases of 15.5 per cent on salaries from January. The deal also includes further payments related to company performance and totalling a possible further 3.7 per cent increase on the company's wage bill.

The union said that Scottish Provident had offered its staff 12 or 13 per cent, depending on grade and to run also from January.

The offer, which has been put out to ballot involves a further rise of 1.5 per cent in June, the union said.

General Accident, which employs about 10,000 staff and negotiates with the Association of Professional, Executive, Clerical and Compuer Staff as well as ASTMS, has made an offer ranging from 12.5 to 13.5 per cent on salaries depending on grade.

The offer, which staff are voting on, includes further increases of up to 1½ per cent on existing salaries based on improved company performance.

The clearing banks, whose settlement date is four months later than this batch of insurance companies are due to reply to union claims at the end of this month. The banks' chairmen and other very senior personnel appear at the moment to want a settlement in single figures.

Directors warn on 'right to strike'

BY OUR LABOUR STAFF

GRANTING trade unions the positive right to strike would be a "death-blow" to efforts being made in industry to move away from the strike mentality, Mr. Walter Goldsmith, director general of the Institute of Directors, told Conservative MPs last night.

Mr. Goldsmith, in a speech to the backbench Conservative MPs' employment committee, was making one of the first major public responses by an interested body to the Government's green paper on trade union legal immunities, published last week.

The green paper considers the question of replacing the present patchwork of unions' legal immunities while taking industrial action with a system of positive rights, including the right to strike.

Mr. Goldsmith said the devotion of the green paper to this "enormous red herring" was its most serious fault. The idea had not been urged by any sections of industry, but bore all the hallmarks of a civil service project. It contained all the faults that ensured the collapse of the Conservatives' 1971 Industrial Relations Act.

Describing positive rights as a "death-blow" and an "admission of defeat," Mr. Goldsmith said that immunities made it clear that for good or ill the unions were exempted from the laws which governed others. Positive right would be an expression of positive approval.

TUC rejects Green Paper

BY OUR LABOUR CORRESPONDENT

THE TUC's Employment Policy and Organisation Committee yesterday endorsed a document rejecting the Government's Green Paper on trade unions' legal immunities, and called for a debate on the issue at their next conference in September.

The document, which was largely concerned with an analysis of the Green Paper, will be sent out to affiliated unions.

The committee also endorsed the minority report by Mr. Jack Jones to the Royal Commission on Criminal Procedure.

Mr. Jones argued that the Commission's report did not adequately safeguard the interests of minorities, particularly the young and the mentally handicapped. The committee is to communicate its views ot Mr. William Whitelaw, the Home Secretary.

Telegraph deal for journalists

Financial Times Reporter

JOURNALISTS on the Daily Telegraph and the Sunday Telegraph have agreed a pay deal with management giving them a 10 per cent increase on salaries plus £500 per annum from January 1 this year.

This represents a 14 per cent rise on the average salary of £12,500, the new average being £14,250.

The January increase will be followed by another 2½ per cent rise from next July 1, taking the average salary to £14,600.

Council staffs' action 'official'

THE NATIONAL and Local Government Officers' Association said yesterday it had made "official" the industrial action by its members working for Wandsworth Council in protest at staff cuts.

Union calls for more doctors

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS attacked proposals for cutting medical school intake yesterday, and called for a long-term increase of 33,000 doctors to reduce excessive working hours in hospitals and provide a better general practitioner and community health service.

Officers representing doctors in the Medical Practitioners' Union, a part of the Association of Scientific, Technical and Managerial Staffs told the Government Select Committee on Social Services that they strongly opposed the proposition that there were too many doctors, and that medical school intake should be cut from a potential 4,000 a year to 3,700.

Mr. Clive Jenkins, general secretary of ASTMS, and MPU representatives urged the Government to take into account improvements needed in health services, rather than "vague notions" of what the country could afford.

Union projections on medical manpower needs in the next 30 years, they said, showed that 33,000 more doctors would ultimately be required to create an efficient Health Service.

The union recommended creating 13,000 extra posts in the hospital service by the year 2010, and 1,000 more in the community, unless the present load of administrative work in the GP service was reduced.

It said that 5,000 more doctors would be needed in occupational health, and urged creation of an effective deputising and locum service through 7,500 new posts.

The committee was told that expectations of improved health care and preventive medicine would increase, as would the need to tackle special problems of health hazards at work, and chemicals in food and the environment.

The union called for a career structure for hospital doctors to ensure that all those accepted for specialist training obtained consultant posts.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Allows machines to communicate

AN INTERESTING system from BBN Information Management Corporation of Cambridge, Massachusetts, brings together the message switching and time sharing concepts to produce Infomail, an electronic mail software product that will run on a variety of computers and communicate between them.

The development can be seen as significant since it comes from the company that developed ARPANET a decade ago and claims to have given the first public demonstration of time sharing in 1962. ARPANET brought to the fore another important technology, packet switching, in 1971.

The trouble is however, that companies interested in having electronic mail want to be able to make use of their existing computer and not buy new machines.

Object of the new software is to allow different makes of computer to communicate (DEC VAX family and two IBM systems will be the first offerings) and at the same time to allow documents, forms and files to be handled and also to provide word processing facilities. The VAX/VMS version of Infomail has a one-time licence fee of $30,000. More from 50, Moulton Street, Cambridge, Mass. 02138.

"There are over 10,000 people using BBN's computer-based message system software today, on dozens of interconnected computers," says David C. Walden, president of BBN Information Management Corporation.

Electronic equipment—rent or buy?

BY GEOFFREY CHARLISH

IN A climate of high interest rates in which each company is having to scrutinise every capital expenditure proposal with great care, the prospect of renting electronic equipment rather than buying it comes into sharper focus coupled with a careful trading off with equally important matters such as availability.

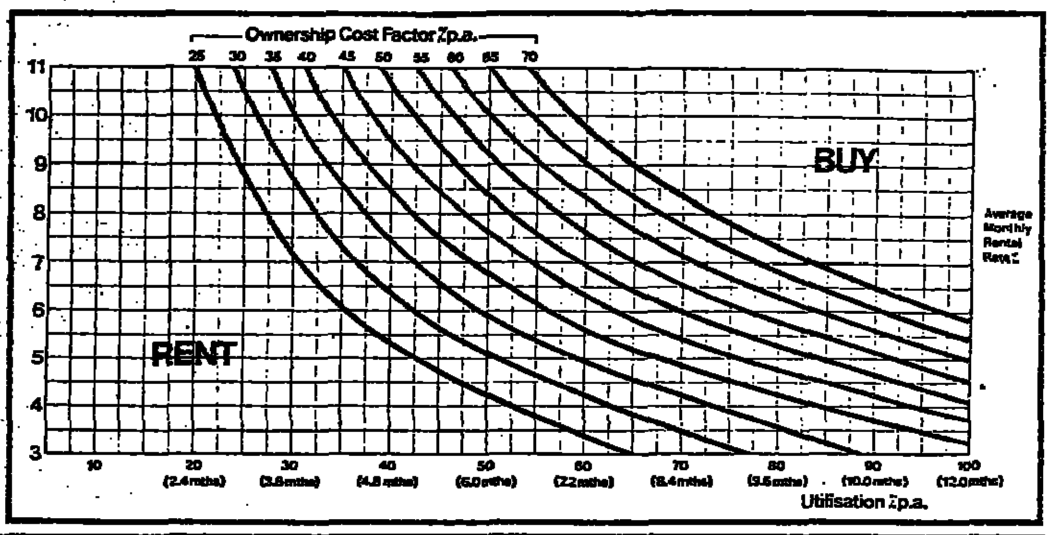
Cash conservation is paramount, many managements simply striving to maintain cash flow on a month-by-month basis and to minimise bank borrowing. The regime of saving money by lowering stocks of all kinds seems likely to continue well into this year.

According to Patrick Robson, who is managing director of Livingston Hire, which shares the bulk of the UK instrument rental market with Labhire on about equal pegging, the "rent or buy" question revolves around the amount of use the instrument will get.

"Utilisation" says Robson "is to my mind the name of the game." He takes the view that, as a rule of thumb, if an instrument is to be used for less than 50 per cent of the working day, then rental should be seriously considered. Above 50 per cent use the answer probably lies in leasing or outright purchase.

The arguments are arithmetical and based on a five year life of the instrument (before, probably, it becomes out of date or otherwise unsuitable).

So the question to be asked, asserts Livingston, is "do we have numbers of instruments, power supplies, communications equipment and so on lying around idle on shelves." It could be a rather worse sin than having high stock levels of own finished products — at least they can ultimately be sold, whereas the test equipment is much less realisable in cash terms, especially if it is becoming more and more obsolete.



The cost

Robson believes that many engineers — and they are often responsible for raising equipment purchases — are only vaguely aware that it costs money to own something on a month-by-month basis: rental is not alone in generating monthly or quarterly costs.

Expressed as percentages of the purchase price, the annual cost of ownership assuming a five year straight line depreciation of the instrument would mount up as follows: capital finance 15, annual depreciation 20, service repair and calibration 10, hidden costs (down time) 5 — giving 50 per cent of the purchase price. If the five year life span is reduced to two, this figure rises to 72 per cent.

There are certainly those in research and development laboratories and in service workshops who would do battle with Mr. Robson about instrument life — and he admits that there are some instruments that can go on for much longer than others. On the other hand in the newer, digital areas, the onset of obsolescence can be quite rapid.

The cost of the alternative, renting, is put by Livingston at 10 per cent of the purchase price per month for short term periods of up to about three months, falling to 7 per cent per month for one year. Maintenance, repair, interest, calibration and replacement charges all vanish. In addition, it is a relatively simple matter to have the equipment replaced if it becomes faulty, changed if it becomes obsolete and returned to the rental company during works closures.

In a booklet on the whole "rent versus buy" proposition that Livingston will soon make available, the financial criteria are reduced to graphical form, reproduced on this page. The curves are plots of time utilisation (horizontal axis) against monthly rental as a percentage of purchase price, for a number of different assumed figures for cost of ownership (also as a percentage of capital cost).

For example, if an instrument is being used continuously (100 on the horizontal axis) and the annual cost of ownership is put at 70 per cent of purchase price, the top curve at the extreme right shows it is cheaper to rent than buy if a rental of 6 per cent of purchase price per month can be secured.

Against all this of course, is the natural desire of most engineering executives to have an instrument to hand when it is needed. There is also, according to Robson, a strong "pride of ownership" factor within the average engineer coupled with a reluctance to rely on some other organisation to provide him with his working wherewithal. Fears prevail about getting what one wants, when one wants it from a rental company.

Livingston claims considerable success with smoothing all these problems over, by holding a wide stock (4,000 instruments of 700 types), answering phone demands within five or 10 seconds and providing delivery the following day. The whole operation is on a computer, each sales engineer having a video unit on his desk.

It has all paid off. Since 1977 the turnover has steadily grown to £2.5m in the UK and sister companies have been started in Germany, Holland, France and Sweden—yielding another £1.5m of business for the parent, Energy Services and Electronics.

But the UK companies may not have it all their own way for too long—it is rumoured within the industry that U.S. Instrument Rentals Inc. is to set up a subsidiary within the UK soon.

Humidity sensor

A DESIGN of relative humidity sensor is available from P. P. Controls of Hounslow in which humidity changes are sensed by changes in the impedance of an electrically conducting layer coated on to an insulating substrate.

Since the humidity sensitive portion of the sensor is restricted to the surface material, water is adsorbed rather than absorbed, giving very rapid response to changes in relative humidity.

Designated PCRC-11, the sensor is unaffected by most environmental conditons and gases and covers the range 0 to 100 per cent RH with a temperature range of −60 to +200 degrees F.

The device measures only 0.88 x 0.63 x 0.06 inch. More on 01-572 3331.

NEWS IN BRIEF

MICRO SYSTEM

A NEW microcomputer system, Pasca 640, has been added to the range of Westrex (division of Litton Industries, Bilton Fairway Estate, Long Drive, Greenford, Middlesex).

This has been designed and produced in liaison with Westrex's Tokyo-based company, and is a Z80A based system with 64K of ram, twin IMB compatible eight-inch floppy disk drives, 10-inch screen and keyboard built in to a desk top integral unit.

A modem interface (RS232) is provided for data transmission, and a parallel printer interface which allows connection of most printers, particularly those of the standard Westrex range.

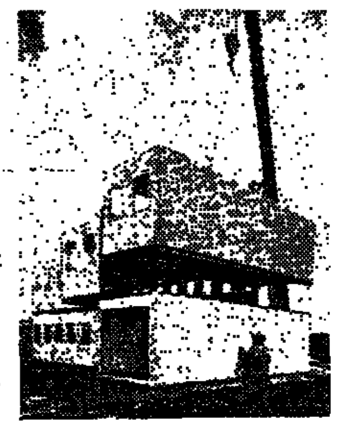
Other characteristics include 18 function keys providing standard control sequences or user defined functions, graphic capabilities, and alternate extra character sets.

LIFT-UP

BY FITTING an articulated boom platform to one of its flat-bed electric industrial trucks Wrigley Union has produced a useful hydraulically-controlled mobile platform which will lift 2 men (or a 460 lb load of tools and equipment) to a maximum height of 29 ft.

The platform, which also carries the lifting and lowering controls, will swing through 360 degrees and at maximum radius of the boom will carry a load weighing up to 250 lb. The industrial truck used is Wrigley Union's Softrider 262-E and full details can be obtained from the company at Ormond Road, Wantage, Oxfordshire OX12 8EJ (02357 65657).

READYMADE



IT IS claimed that over 3,000 sq ft of building—one or two storeys—can be completed in a day by using the Yorkon Instant Building system now being offered by Portakabin of Huntington, York YO3 9PT (0904 28960).

The buildings are supplied with services and partitions and are produced as modules each of which has a steel structural frame. Walls, roof and floor are insulated and double-glazing is used.

The modules are supplied in two spans with 2.5 or 3 metre ceiling heights.

SEMICONDUCTORS

LATEST COMPANY to make an appearance in California's "Silicon Valley" is Harris Microwave Semiconductor which is planning a U.S.$4m facility at San Jose to make devices based mainly on gallium arsenide — one of the newer semiconductor materials offering advantages of speed and miniaturisation.

The company was established last June by Harris Corporation and a group of local semiconductor executives specialising in this new field.

COMMUNICATIONS

THE FLIP-Phone from GTE International can be attached to any flat, vertical surface with a wall holster device which serves as a pocket for the slender telephone when it is not in use.

This small, lightweight telephone folds flat when not in use, and is much less than the size of the handset or conventional telephone.

Three options are offered with the wall holder: it can be snapped into conventional, modular wall phone plates; permanently secured to a wall with the screws provided; or—with the provided pressure-sensitive backing—attached to a night table, kitchen cabinet, bathroom tile, work bench, or any desired area.

More from the company at Viale Europa 46, I-20093 Cologno Monzese, Milan.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

PROSPECTS FOR MAJOR FOOD DISTRIBUTORS

Super-chains seek profit in diversity

NEWS THAT SAINSBURY'S has *finally drawn level with* Tesco in terms of market share of packaged goods sales as monitored by AGB, have fuelled speculation about yet another food price war. For this is the first time since Tesco's *Operation Checkout in the summer of* 1977 that these giants of the High Street have found themselves on level pegging. (The figures, giving Tesco and Sainsbury's 13.4 per cent each of AGB packaged groceries, relate to the four-week period to December 6, 1980).

Whether another food war is genuinely in prospect is hard to say, though it has already been *estimated that retailers' total* expenditure on advertising this year will surpass £30m.

But the lust for growth evidenced by the majors of *international food distributor*ship underscores a recent A. C. Nielsen survey that found that in most countries, further important growth in the market share enjoyed by very large retail grocery outlets could be expected between now and 1985.

This is only one area investigated by Loic Becquart of Nielsen France in a perceptive review of likely trends in food distributorship published in the latest issue of Nielsen's Marketing Trends.

By *way of introduction*, M. Becquart reminds us of the impact of the 1973 energy crisis on Western economies—specifically, the sharply reduced rate *of food trade growth that it pre*cipitated.

A Nielsen survey carried out in the 23 countries in which Nielsen operates showed that after enjoying an average annual volume growth rate of *more than 4 per cent during* the period 1970-73, the growth of grocery retail sales fell to about 2 per cent a year between 1974 and 1977.

Although 1978 saw a reversal of that trend, with a growth in *sales volume of almost* 5 per cent, there is reason to think, says M. Becquart, that the second oil crisis, in 1979, may have sown the seeds of further disturbance in food trade growth in the years ahead.

How do the majors view their future? What sales growth can *they expect when birth rates in* many countries are falling or at any rate static; when the share of household budgets earmarked for current expenditure is *falling*; when energy costs are continuing to soar; when it is becoming ever more difficult to obtain planning permission for new retail outlets, and when *competition between chains is* growing fiercer all the time?

Will distributors grow by continuing to create more selling space? Will they develop *different types of store, expand* through mergers, or try their luck abroad?

M. Becquart begins by establishing the current importance of large grocery stores (those with a selling area of more than 400 *square* metres). These are mainly supermarkets and hypermarkets, including what in some countries are dubbed superstores or mass-merchandisers.

In six countries stores of this size accounted for more than 50 per cent of Nielsen Food Index turnover in 1979: the U.S. (82 per cent), Canada (68 per cent), *Belgium (68 per cent), France* (67 per cent), Australia (57 per cent) and Britain (50 per cent).

Sales accounted for by large grocery outlets in countries monitored by Nielsen range from 82 per cent in the U.S. to barely 10 per cent in Portugal — *which only goes to show that* while in some countries the supermarket revolution is more than 20 years old, in others it is hardly off the ground.

According to M. Becquart: "In the majority of these *countries* large grocery stores can be expected to increase their market share still further in the 1980s provided that external factors do not impede their development."

"At the same time," says M. Becquart, "it is clear that a *considerable amount of effort is* being devoted to upgrading the management of existing large retail outlets."

The 1980s, he says, will see the mass use of computer systems by distributors, which will have the effect of reducing

the range of items sold (France, Sweden, Argentina, Greece); of developing the fresh produce departments in grocery stores that is expected to increase customer traffic (Austria, the U.S.); encouraging the emergence or development of private label products so as to foster customer loyalty and improved margins (U.S., France, Canada, Belgium, Switzerland, Japan, UK and Argentina); and by according more and more space to non-food goods such as textiles, household appliances *and leisure products*.

As the big get bigger, says M. Becquart, and are more able to control costs and margins, the rate of mergers will accelerate.

Worldwide, says M. Becquart, *many groups that got their start* in the food trade are creating chains of specialised stores, thus "taking advantage of the delay shown by entire business sectors in adopting modern distribution techniques."

Finally, says M. Becquart, in the U.S., Canada and in some other countries, business is *booming for the so*-called catalogue showrooms that thrive on very low overheads, large sales volumes and very tight margins —there are more than 1,700 of *them in the U.S. alone*.

What is clear, he says, is that the big food distributors have a wide choice of development strategy: increasing still further *the number of large retail out*lets: improving existing store management; merging into still larger groups so as to strengthen their financial *power; and diversifying their* activities so as to spread their risks.

FIVE CHASE KEY ACCOUNT

Tesco: McCann chairman faces stern challenge

IN WHAT could be a make-or-break year for several advertising reputations, the competitive scramble for the Tesco account boasts all the ingredients of Hollywood-scripted soap.

There is money (Tesco's 1981 budget is a firm £8m), power (the gloves are well and truly off), and a crescendo of back-stairs gossip *notable even by the* standards of the Glitter Palace.

Tesco, as usual, is playing things close to its chest, though its secretiveness in dealing with the combatants may be more apparent than real, the initial *stages of the review having been* complicated by the recent illness of Lou Valencia, its advertising director.

There appear to be five contesting agencies, headed by McCann-Erickson which is defending what is its single largest account against Ogilvy & Mather, Benton and Bowles, Lintas, and Grandfield Rork Collins.

Each will make its pitch at the end of next month. By her own admission, the review of this account is the biggest single public challenge faced by Ann Burdus, chairman of McCann *since she took the McCann tiller* in April, 1979, following the abrupt departure of Nigel Grandfield.

Review of an account this *size is red meat anyway*, but what has added colour and spice is the appearance in the review list of Grandfield Rork Collins, headed by the eponymous *heavyweight trio of . . . Nigel* Grandfield, Andy Rork and Graeme Collins, all of whom were closely involved with *McCann's original gain of Tesco.* The three formed their own *agency* in August 1979, emphasising, the while, that it was not a McCann breakaway.

Is Tesco hungry for a change? Can Ann Burdus keep a grip *on this crucial account?* She is beginning to sound determined.

"Initially," she says, "the regular team feels deflated by a review like this, *realising that* not everyone loves them as much as they thought. But there's a job to be done. There's a lot going on. It is manage*ment's task to enthuse* the team. There is a considerable number of jobs on the line, plus the realisation that with the economy as it is, to win £8m from *somewhere else would* be a very difficult thing to do."

She is known to shed no tears for Nigel Grandfield. Was his presence in the line-up a thorn *in her side?* "*He'd be foolish if* he didn't have a go, but one has to wonder whether a shop of that size (a claimed £3.5m) can take on £8m without seriously unbalancing both him and the client."

Claimed billings for McCann last year were £75m.

Etcetera

● IN ONE OF the biggest UK advertising re-launches on record, Nestlé is spending a claimed £5m on the re-launch next month of Nescafé, the brand that is said to have dominated the UK coffee *market since it* was introduced in 1939.

In what is a healthy tonic for McCann, £2m of the £5m will be spent in March/May alone. Nescafé retail sales topped £100m last year, for a claimed sterling market *share of* 35 per cent compared with the 7 per *cent for* what Nestlé calls its nearest competitive brand (Maxwell House).

"It is this domination of the coffee business which we aim to strengthen with *the introduc*tion of new Nescafé," says marketing director David Harris.

● THE FINANCIAL TIMES has appointed Ogilvy & Mather to handle a 1981 promotional budget put at £1.25m. Expendi*ture in Europe* will be approximately £750,000; in the UK an estimated £500,000-£600,000. In each case, expenditure will be split 50:50 between advertising and below-the-line activity. The aim is to boost circulation. The FT's ABC figure for April-September 1980 was 196,664, with UK sales of approximately *170,000. Streets Financial is* being retained by the FT as an advertising consultant.

● A BOOST for McCormick Intermarco-Farner is the gain of Renault UK's £3m regional advertising account from Harrison Cowley, thus consolidating the bulk of Renault's £7.5m into a single agency.

Restrictions, but German advertising set for growth

BY PAUL HANNON IN FRANKFURT

WEST GERMANY has developed into the largest advertising market in Western *Europe, yet the structure of the* advertising business in Germany differs dramatically to that of virtually all other European advertising businesses.

Total advertising expenditure in 1979 in Germany amounted to DM 11bn, ranking it third only to the U.S. and Japan in terms of scale. Furthermore, five of Europe's top 10 advertising agencies are based in Germany, with claimed annual billings in *excess of $915m*.

The German market is served by a *300,000-strong workforce* in 1,500 agencies. Only 50 of them, however, handle billings in excess of DM 35m annually, and the country's top ten agencies promote an estimated quarter (DM 2.6bn) of *total business*.

In all, Germany takes an *estimated 37 per cent of the* European advertising market by value, followed by the UK (27 per cent) and France (21 per cent).

The UK is the closest European advertising market to Germany in terms of size, number of employees, size of agencies, etc., but there is one major difference between them in that advertising airtime on German television is limited even more strictly than in Britain

Advertising on German TV is limited to 20 minutes per station per day. It is also forbidden outside the hours of 6 pm to 8 pm with further prohibitions on Sundays and *national holidays*, of which Germany has a considerable number.

"Germany is almost a contradiction," says Dieter Schweickhardt, *director of the Frankfurt*-based Association of Advertising Agencies. "We have one of the strongest advertising industries in the world without the use of one of the most important advertising media."

As a result, television advertising represents only 11 per cent of total billings in Germany whereas in Britain the comparable figure is approxi*mately 25 per cent*.

"There is simply not enough available time on television," says Herr Schweickhardt. "Every second of available TV airtime for 1981 has already been booked, and *many agencies have committed* themselves for 1982 also."

The restrictions on television airtime have severely curtailed the growth of revenue in this sector. *Total German advertis*ing turnover increased in 1979 by 11.1 per cent, whereas television revenues improved by just 3.9 per cent.

*Yet despite the severe limita*tions placed on advertising in Germany, it is still a major growth industry.

Advertising sales growth in the Federal Republic was one percentage point behind the *rate of growth in GNP in 1975*, but by the end of the decade had considerably outstripped it.

In an attempt to circumvent *the bottleneck on TV, agencies* have turned to some of the more traditional media, with a result that Germany now has the highest rate of reliance on *Press advertising in the world*.

Approximately 77 per cent of advertising expenditure in Germany is directed towards newspapers and consumer *magazines. Comparable figures* for France and Britain (57 per cent), Italy (62 per cent) and the U.S. (55 per cent) illustrate how dependent German agencies *have become on newspapers* and magazines for their survival.

The Press itself has not gone unchanged in the last decade. *Greater concentration of owner*ship of the country's 1,200 daily newspapers continue, but closures are now virtually unheard of compared with a period of near panic in the mid-1960s when 38 ceased publication.

The Press in Germany has *gradually come to terms with* new print technology, but it is developments in the electronic media that have been heralded as a means of dragging the German advertising business out of the Middle Ages, where *in the view of some it has lan*guished for so long.

Industry reactions, however, vary considerably. The Frankfurt-based agency Slesina Bates *recently carried out an* appraisal of the future role of electronic media in Germany. In its view:

● Only satellite TV and videocassettes and videodiscs will attain real commercial significance this decade.

● Cable TV will probably make a strong impact in the 1990s.

● Viewdata has a long-term chance of proving itself commercially.

● Other media such as Pay-TV, *Oracle and Ceefax have no long*-term commercial prospects in *Germany*.

According to Volker Nickel of the Bonn-based German Advertising Federation: "German business naturally has a keen interest in advertising in new media. A *decision against the incorpora*tion of advertising in cable TV, for instance, would ignore the interests of advertisers and in particular of independent *retailers. We believe that for* constitutional reasons, if for no others, advertising must be included even in the experimental stages of new means of *communication*."

Whereas Germany is the *largest European advertising* market with the highest productivity per employee, it has long been thought that Germany is also the most expensive *country in which to advertise*.

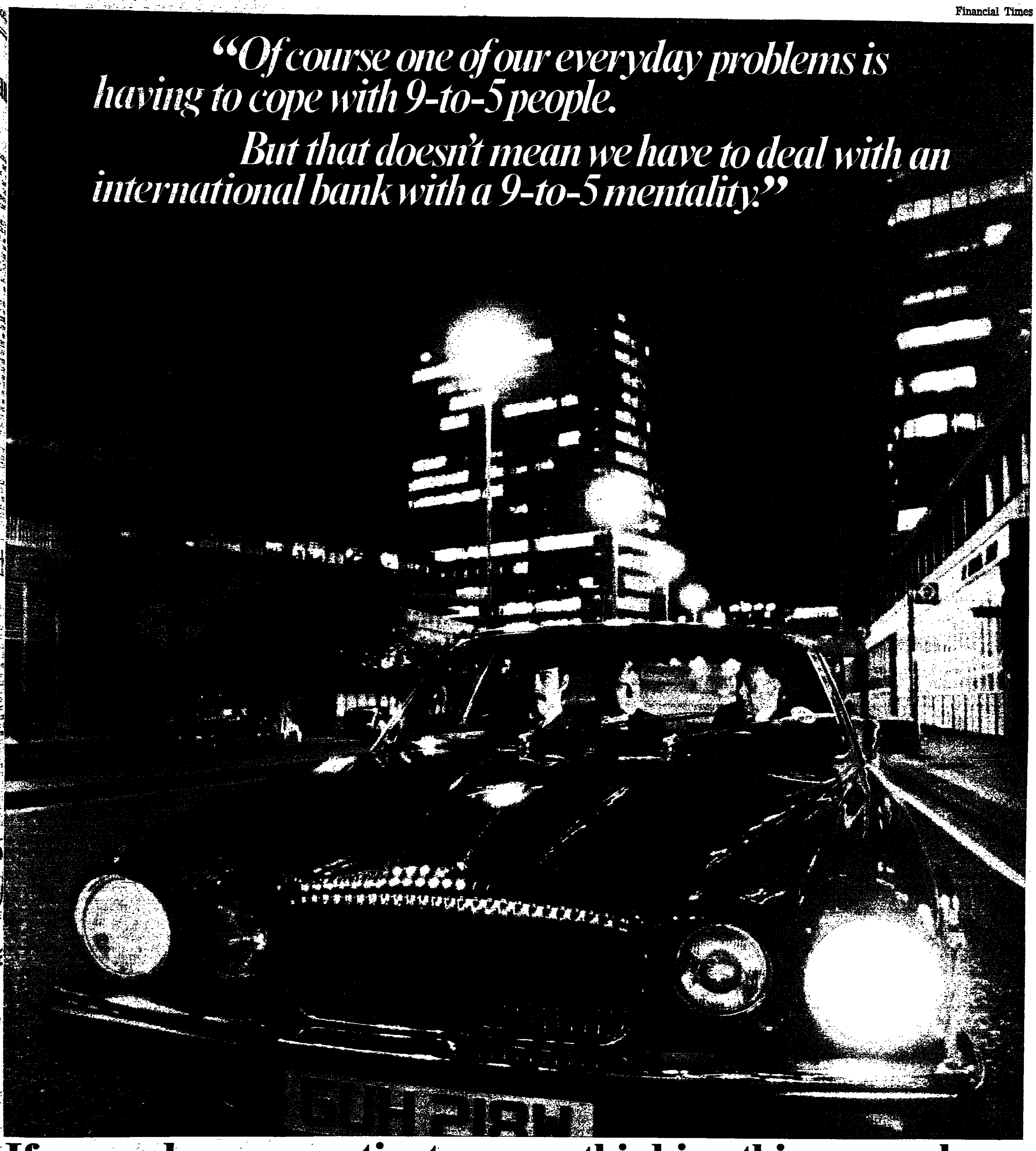
J. Walter Thompson has *examined the basis of this belief* in a study of the relative costs of *TV, radio, general magazines* and newspapers in 13 countries, and the simple conclusion was that advertising costs varied dramatically according to country and medium.

On average, Germany is twice as *expensive as the U.S. to* advertise in, the agency discovered. However, TV advertising in France and Britain is about a third more costly than in Germany, while radio coverage is on average three times more expensive in Britain than in Germany.

The development of the German advertising industry depends on a number of factors. Rigid self-control by the German Advertising Self-Regulatory *Body and monitoring by other* associations has meant that virtually no political pressure has been applied, or even needed, in German advertising, but there exists what is possibly a sinister political dimension to the *industry's future*.

The discussion (let alone the development) of any new advertising medium has, according to Volker *Nickel*, been hampered by the terms of debate established by the political parties and the unions, a debate, it is felt, that will yield ultimate control of the new media to these two groups.

"By growing independently of the business cycle, the *German advertising industry* will consolidate the gains it made in the past decade," says Dieter Schweickhardt. "In future, we must get companies to shift to long-term advertising planning and eliminate the year*-to-year syndrome. We must be* considered like any other major investment, like R. and D. It is self-defeating to simply stop advertising when things get rough."



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JOBS COLUMN

Wanted: antelope, with teeth of alligator

BY MICHAEL DIXON

"IT'S REALLY HARD to know whether you're making silk purses out of sows' ears, or sows' ears out of silk purses, or not making much difference either way," Stephen Bragg almost sighed.

He was talking about his job, which he has held since 1971, as vice-chancellor of Brunel University. Since he will leave it this autumn, and the future of newer universities such as Brunel is far from guaranteed, the choice of his successor seems likely to be crucial.

So John Gardiner, the chief executive of the Laird Group who is also chairman of the university's council, is wondering whether the Jobs Column's readership includes anyone with the enthusiasm as well as the ability to take up the challenge. And, by the way, since running universities is now increasingly an "international" job, given fluency in English, candidates could come from any country.

The first general description I heard of university vice-chancellors came from the man to whom Brunel indirectly owes its elevation in 1966 from a college of advanced technology to the status of a technological university centred on a 170-acre site near Uxbridge. The man is Lord Robbins, whose committee of inquiry had earlier recommended a major increase of higher education. Vice-chancellors, he said, were in his experience "more antelopes than alligators."

By that, Lord Robbins could hardly have been implying that the chief administrators of universities share the antelope's grace of physical form: although Stephen Bragg comes nearer to it than do some others.

The implied similarity—as may be evident from the vice-chancellors' reaction to successive Governments' steps to curb expanding intakes of overseas students—was probably in behaviour. For when antelopes sense a threat to their comfortable grazing, they tend to rush off collectively in whatever direction immediately seems expedient in the hope, not always fulfilled, that the predator may thus not catch any of them.

But it would be difficult for each vice-chancellor instead to pursue his or her individual course, because a university is a tricky thing to steer. For one reason, none of its components and especially those of the senate of dons which governs its academic line, can be relied on to agree to travel in the same direction as any of the others. For another, there is the problem indicated by Mr. Bragg's statement about not knowing whether one is making silk purses out of sows' ears or vice versa, which he made the other day when telling me about the complications of his job.

The statement was his illustration of the main difference between the vice-chancellor's job and management in industry, where he was previously head of research and development of the component parts of Rolls-Royce aero engines. Industrial managers, he said with perhaps a trace of ruefulness, had a measure of their organisation's results in terms of whether or not it made a profit. But a university vice-chancellor had no such accepted means of judging the organisation's progress, or even of knowing whether it had made any.

Quartet

The poor prospects of steering the institution anywhere desirable when he could not be sure where it already was, had bothered him for quite some time, he said. But he had since identified a quartet of measurement of achievement which, although they might not be appropriate to the bulk of universities whose objects were predominantly academic, he believes are sensible indicators of the progress of the sub-species of universities to which Brunel belongs.

These are the largely new, technological institutions. And though even they differ considerably (Brunel, for instance, is the only one in which all undergraduate students are on sandwich courses alternating study on campus with periods of practical experience in the working world outside) Stephen Bragg considers that all have the major responsibility of contributing directly and usefully to that selfsame working world. Hence his four measures, he added.

The first could hardly have pleased me more. It was Brunel's place in the Jobs Column's annual ranking of 44 UK university institutions' performance in the employment market.

Brunel's place in this ranking suggests that its new bachelor-level graduates at least are in relatively high demand by employers. In 1976, the institution was placed twenty-first with 11.6 per cent of its bachelor-level output believed either unemployed or in no more than temporary jobs some six months after graduation, as compared with an overall average of 12.7 per cent. But the next year, Brunel jumped to top place with 4.8 as compared with a 12.7 per cent average, held the top rank again in 1977 with 3.7 per cent against 11.6 average, and although it slipped in 1979 still took third place with 5.7 as compared with the average of 12.5 per cent.

Mr. Bragg's second measure is the proportion of the university's higher-degree students made up by those studying part-time. These part-timers mostly combine their studies with doing a job and, even if not always paying their own fees, have to persuade their employer to pay. So the Brunel vice-chancellor thinks that demand by part-timers is a reasonable indicator of the practical value of the higher-degree programmes. And, at 74 per cent in 1979, his institution's proportion of part-time postgraduates is remarkably high. The national average, I'm told, is only about 10 per cent.

The third measure is the proportion of the university's research represented by projects done under contract for external agencies. Again the vice-chancellor thinks Brunel's score here is high. Of the £967,637 research income it received from Government departments in 1979-80, nearly 44 per cent came by way of specific contract work, as distinct from more open-ended grants. Of the £413,010 research money from other sources, contract work accounted for just over half.

The final measure is income raised by short courses, usually for people in jobs and related to their work. By this measure, Brunel did better in 1979-80 than ever before with earnings of £249,000.

Stephen Bragg feels that during his decade of office, the university has achieved something well worthwhile which he can soon hand over to his successor.

"One thing about this job, of course, is that it theoretically embraces a range of work much greater than anyone could actually cover. There are several things which I think still need doing—building up our training of future schoolteachers of technology, further developing our links with the local community, and since we've no endowments to speak of, raising more capital.

"But the choice of the things which most need doing in future, is up to whoever comes next."

To my mind, however, an ever important task will be to maintain the concentration developed by Mr. Bragg on directly serving the external working world. Pressure to pursue more academic interests is endemic in all universities. In the hard times ahead, this pressure seems sure to grow more difficult to resist in Brunel, perhaps especially in the social studies departments which include nearly a quarter of the 2,403 undergraduates, 19 per cent of the 1,600 postgraduates, and about 22 per cent of the 300 academic staff (there are almost 800 other employees).

So to maintain the successful concentration accomplished by Stephen Bragg's engaging mixture of politely insistent argument and boyish enthusiasm, may in future require a vice-chancellor more naturally inclined to bite—a bit more of an alligator, as it were.

Those suitably equipped for the challenge, and interested by a salary of £20,000-plus and perks including an unfurnished house at Gerrard's Cross not far from the campus, should write to Mr Gardiner at Brunel University, Uxbridge, Middlesex UB8 3PH.

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INTERNATIONAL INVESTMENT BANK

City — **£12,000 – £14,000 plus substantial benefits**

Our client, one of the world's leading investment banks, has an excellent growth record and now competes in all major sectors of the international capital, currency and financial service markets.

The bank wishes to increase the skills within the financial management area and has therefore created this new appointment. The principal function is to provide an effective management accounting and financial advisory service to a number of U.K. and overseas subsidiary companies. The experience gained in this position could lead to continued career development either within financial or operational divisions.

Candidates (male or female) should be qualified accountants, in their late 20's/early 30's, and will have gained previous experience of the financial sector, either directly or from within the profession. Candidates should display a keen interest to develop a career in an international investment bank and to assume responsibility within a creative environment. The appointment is at managerial level and the ability to communicate lucidly at all levels of the company is paramount.

For detailed information on this appointment and a personal history form please contact Ronald Vaughan F.C.M.A., 410 Strand, London WC2R 0NS, Tel: 01-836 9501, quoting reference 3127.

DOUGLAS LLAMBIAS

Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants

DLA

and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Internal auditing with Burmah isn't poring over the books...

It's a high-level role in an international environment

£9,000-£11,500

The Burmah Group is an oil-based industrial enterprise with a turnover in excess of £1,000 million.

Our wide-ranging activities include oil exploration and production; transporting crude oil and liquefied natural gas; refining, manufacturing and marketing lubricants and petroleum products; manufacturing vehicle components, and wholesaling and retailing these with a wide range of other products; together with other manufacturing, contracting and engineering activities.

Group-wide internal audits are not so much carrying out routine detailed checking but involve appraising systems and controls, presenting objective recommendations to operating companies' senior executives and reporting significant findings to directors.

We now seek a number of talented and ambitious ACAs or ACMAs and offer high-level experience to articulate and innovative accountants who have up to four years' post-qualification experience and are capable of performing to the highest professional standards.

A substantial amount of travel throughout the UK and occasionally overseas can be expected.

These are seen as positions more suited to those with the potential to hold a senior role in an operating company than people looking for an internal audit career.

Salaries will depend on experience and qualifications and benefits include a car, non-contributory pension and life assurance scheme. Assistance will be provided, if necessary with relocation within the West London-Swindon-Birmingham triangle.

Please send a full CV or ring or write for an application form to Alison Harper, Recruitment Officer, Burmah Oil Trading Limited, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE. Telephone: 0793 47400.

Burmah

SCIENTIST/TECHNOLOGIST ENTREPRENEUR

If you can spot commercial opportunities in new technologies – help us put potential into production.

One of the reasons why many promising ideas have fallen by the wayside has been because companies have either failed to see their potential or have not found the funds for development.

Now, however, raw inspiration has a powerful ally in the shape of Prutec. An ambitious new company, a subsidiary of the Prudential Assurance Company working in conjunction with Patscentre International, has been formed to research, develop and market promising projects in high technology.

With one of Europe's largest assurance companies underwriting this novel enterprise, Prutec has a most exciting future. But it will take more than money to realize its full potential . . .

It needs men or women who have the professional insight to recognise development potential which others often overlook. People who could come from many different backgrounds but must all have a wide-ranging track-record in high technology and a very shrewd appreciation of the commercial realities in business life. Professionals with the vital commercial acumen to manage research and development and to turn promise into production with host companies.

You should have a degree, preferably in science or technology, together with technical and business experience. A masters degree, or its equivalent, in business administration would be an advantage.

For our part, Prutec will offer every member of the team a most attractive total remuneration package.

Don't waste your talents or the genius of Britain's much-needed innovators. Please write today, enclosing a full CV and quoting ref. no. FT/221 to:–
The Chief Executive, Prutec Limited,
33 Davies Street,
London W1Y 2EA.

PRUTEC

Financial Controller

£12—£15,000 plus car

The rapid worldwide growth in sales and profitability of the Analog Devices Group has been due to the combination of the development of 'pioneer' high technology electronic products, in addition to an aggressive sales and marketing policy. This same combination is reflected in the U.K., with growth presently 35% per annum, and an increasing demand for our U.K. manufactured products from all parts of the world.

To control the finances associated with our growth we are seeking an outstanding accounting professional to report to the Managing Director. The emphasis of the position will be to maintain, control and develop our accounting and management information systems in addition to initiating and planning our financial strategies.

Probably aged in your late 20s and preferably having gained your qualifications in a large professional firm, it would be a distinct advantage to be conversant with a U.S. style of accounting.

The position will provide an exceptional career opportunity within a stimulating and dynamic industry. Benefits include biannual reviews, PPP and an annual bonus.

To apply please contact John McLaughlin, Personnel Manager, at Analog Devices Limited, Central Avenue, East Molesey, Surrey, KT8 0SN. Tel: 01-941 0466.

ANALOG DEVICES

WAY OUT IN FRONT

Warburg Investment Management Ltd.

We are looking for Investment Managers for our pension fund and private client business which continues to show substantial growth.

We would be pleased to hear from applicants with experience of portfolio management or investment analysis and who are likely to be aged between 25 and 35.

The remuneration package will be attractive to applicants of the highest quality.

Applications, enclosing a full curriculum vitae, which will be treated in strict confidence, should be sent to:–

G. E. J. Wood, Executive Director,
S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

Secretary

London, not less than £12,500

C&L

For a professional body with more than 17,000 members, and a wide range of activities including an appointments service, courses, a magazine and social events.

Reporting to the Chairman and supported by an experienced secretariat, you will be responsible for representing the Society to both members and the business community.

You should be an experienced administrator in the age range 40-55. You will probably have a professional qualification, but equally important are personal qualities of energy, diplomacy and tact.

Résumés including a daytime telephone number to E H Simpson, Executive Selection Division, Ref. S685.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

TEXACO

Credit Analyst

Based: Knightsbridge

Texaco Limited, a major international oil company, are looking for a qualified Credit Analyst to join their European Marine Sales Department based in their offices at Knightsbridge.

Candidates should be between 25-35 years of age, have had a minimum of three years' experience and formal credit training with an international bank, preferably American, as well as possessing a positive and creative approach to decision making.

This is a demanding and challenging position for a person who is interested in finance and economics.

The progressive salary is negotiable and is complemented by a contributory pension scheme, flexible hours and other benefits associated with a major international company.

Please write giving full career details to:

**Mrs. U. Colburn,
Co-ordinator, Recruitment,
Texaco Limited,
1 Knightsbridge Green, London SW1X 7QJ.**

Systems Development

Major Financial Institution

Central London — **c.£11,000+benefits**

Our client seeks a qualified accountant, probably aged mid/late 20's, to play an important role in a small team responsible for the development and maintenance of accounting systems.

There are a variety of computerisation and other projects in hand. Working closely with EDP specialists and line department personnel you will have specific responsibilities for defining, testing and documenting controls in systems and resolving accounting problems prior to implementation.

The broad introduction to the many facets of the group's business will provide an excellent base for career progression, which need not be restricted to systems development. Salary is negotiable and the benefits include a subsidised staff restaurant, non-contributory pension and low cost mortgage.

Contact David Tod, BSc, FCA on 01-405 3499 quoting reference DT/425/SDF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

International Banking

Communications consultant

Morgan Guaranty Trust Company of New York, a leading international corporate bank, seek to appoint an International Communications Consultant. The candidate chosen will augment an established professional group determining the international communications needs of the bank at both strategic and operational levels.

The task will be to develop, implement and maintain the systems necessary to meet the current and projected business requirements. The function will also include co-ordination and liaison with Head Office and the international branches. The position is London based but the responsibilities will require some international travel.

The successful candidate will be degree standard with 10 years' in depth communications experience including 4 years at Project Manager level. Experience will have been gained with either an equipment manufacturer, a PTT or a consultancy, in a managerial capacity. Some experience in an international banking and/or financial environment will be an advantage. Expertise should include voice, data and telegraphic communications, network design and WP/communications convergence.

A substantial salary plus an excellent benefits package will be offered to the candidate who can show the required level of experience, a proven track record in communications and personal qualities of self motivation, ability to work as a team member and effective dissemination of information both verbally and in writing to all levels of management.

The position will provide opportunities to establish a successful and creative career in a challenging international environment.

Applications, which will be treated in confidence, should provide full academic and career details and include current remuneration:

Kathryn Riley Head of Personnel Administration and Recruitment, Morgan Guaranty Trust Company of New York, P.O. Box 161, Morgan House, 1 Angel Court, London EC2R 7AE.

The Morgan Bank

TSB

CENTRAL TRUSTEE SAVINGS BANK LIMITED

Fund Manager

Central Trustee Savings Bank Limited as clearing bankers to the Trustee Savings Banks Group provide comprehensive banking and investment services to the constituent banks and subsidiary companies.

The Bank is seeking to appoint a Fund Manager to assist in the management of gilt edged portfolios. The successful candidate will have at least 5 years' experience in the market and already be accustomed to applying at his/her own discretion, investment policies formulated in conjunction with General Management. Ideally, the candidate will have a university degree or professional qualification. The vacancy arises as the result of continuing growth of funds under management and prospects for advancement are good.

A competitive salary will be paid and other benefits include a house mortgage subsidy scheme and a non-contributory Pension Scheme.

Applications should be addressed in writing to:
Head of Personnel & Training
Central Trustee Savings Bank Limited
PO Box 99, St. Mary's Court
100 Lower Thames Street, London EC3R 6AQ

Investment Analysts
Equity Sales Executives

Specialist knowledge of the banking, stores and mining sectors would be an advantage but the most important qualifications are enthusiasm and an interest in a research based operation. Previous experience of stockbroking and/or institutional investment would be preferable for sales executives but analyst applicants could have had experience with industry, retailing or banking as business economists or corporate planners. Initial remuneration will be fully competitive and reflect experience and qualifications.

Apply with full details to Harry Cowie, Research Director:

Hedderwick

Hedderwick Stirling Grumbar & Co
Members of The Stock Exchange
One Moorgate, London EC2R 6AA. Telephone: 01-600 4011

MANUFACTURERS HANOVER EXPORT FINANCE LTD.

The successful and well-established subsidiary of a major international bank, offering a comprehensive range of medium/long term export credit facilities in support of U.K. capital goods exports, seeks three experienced export finance negotiators to complement a team drawn from the industry, credit insurance and banking. Applications for the following positions are invited from persons with the necessary technical knowledge and experience, who are confident of their ability to develop new business:

1. Senior marketing executive for South America (London based).
2. Senior marketing executive for the U.K.
3. Assistant marketing executive.

The company has an excellent reputation for job security and offers an attractive basic salary commensurate with the experience and calibre of the individual, together with a first-class fringe benefit package. Candidates should send full details of their age, education, experience and current remuneration to:

Mr. M. Frost,
Manager—Personnel Recruitment,
Manufacturers Hanover Trust Co.,
1, Gerry Raffles Square,
London, E15 1XG.

Group Financial Controller

£25,000 + Car

This is a new appointment with a very substantial British group that is seeking to strengthen its executive team whilst providing for continuity and management succession.

The Group Financial Controller will be involved across the broad range of the group's activities which are themselves diverse and international and extend through many industrial and commercial businesses. With a turnover in excess of £800m the task of directing and co-ordinating accounting and related affairs is in itself a major responsibility. More particularly however, the position calls for the maturity, management skills and allround ability necessary to take a leading role in the future development of such a group's techniques, controls and procedures.

The ideal individual—aged between 40 and 45—will already hold a similar appointment and have combined allround industrial accounting experience with professional training in one of the major professional firms.

The location is N. London and the remuneration package includes the usual benefits provided at this level.

Please reply in confidence quoting Ref. 1109 giving concise personal, career and salary details to R. G. Billen.

Executive & Management Link Ltd
110 St. Martins Lane, London WC2N 4BH
Search & Selection • A member of the Lopex group
EML

EDINBURGH
BANKING MANAGER

A leading International Bank seeks to appoint a manager for its banking operations in Scotland. Based in Edinburgh.

Reporting to the U.K. head office in London, the Manager will be responsible for development of new business in Scotland as well as the day to day management of the Branch. There is a small staff in Edinburgh and excellent specialist support from London.

The ideal person will already have close contacts at appropriate levels in the Scottish financial community, acquired in international banking. Age will not be a limiting factor and a senior banking executive of retirement age would be considered.

Salary, which is negotiable, is unlikely to be an obstacle for the right person. There is a car and the normal fringe benefits apply.

Initial enquiries will be dealt with in the strictest confidence and no names will be disclosed to our client without the agreement of the applicant. In the first instance write, with brief details of career to date, or telephone Ian Wittet:

A.S.A.
Specialists in Financial Recruitment
63 GEORGE ST., EDINBURGH EH2 2JG
031-226 6222

Managing Director

Teleprocessing/Telecomms/Data Comms

This job is an exciting new opportunity for a marketing orientated general manager to join a young, private, very profitable, high technology growth company budgeted to turnover £1 million in 1981/82. The post calls for a man or woman able to exert general management discipline sensitively in a business where both the product and the market are subject to rapid technological change.

We are particularly looking for proven marketing and sales experience in a well-ordered company and for evidence of achievement in management. The ideal candidate would have an honours degree with additional management qualifications and be in the mid thirties. An understanding of the appropriate technology is essential.

A salary of £15,000 plus bonus to make £18,000 and a car on budgeted performance, is envisaged for the first year. Later equity participation is anticipated. Location North Oxfordshire.

Please apply, in complete confidence, quoting Ref: 706 and giving brief details of experience, qualifications, age and present earnings to:

CB-Linnell Limited
7 College Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM • LONDON

MARKETING OFFICER-TREASURY

The First National Bank of Chicago seeks a Treasury Marketing Officer to supplement the bank's expanding Treasury operations in the U.K.

Applicants are expected to have significant experience in a Treasury dealing capacity or in the marketing of financial instruments. This experience will have been gained either in a major international bank or in the Treasury department of a multi-national corporation. The applicants are expected to have sound knowledge of financial markets as they will be responsible for marketing the entire range of the bank's Treasury related services.

Written applications, incorporating a Curriculum Vitae, should be addressed to:
Jeremy G. O. Farmer,
Head—Personnel and Administration

FIRST CHICAGO
THE FIRST NATIONAL BANK OF CHICAGO
1 Royal Exchange Buildings, Cornhill London, EC3P 3DR

CREDIT ANALYST

Experienced and self-motivated Credit Analyst required to control portfolio review function and analysis of new loan opportunities.

Excellent salary plus usual banking benefits.

Please contact:
Personnel Dept.,
Banco Totta & Acores,
1-3 Abchurch Yard,
London E.C.4.
Tel: 01-283 8555

RH

HEAD OF MANAGEMENT ACCOUNTING—BANKING

We are seeking an ACA/ACCA to head the Management Accounting function of the U.K. subsidiary of an international bank which has offices in more than 60 countries and is ranked high in the world's top 20.

The ideal candidate will be aged 28-40 with a minimum of two years recent experience in the accounting function of a major bank. He/she will control a staff of seven and should have experience of presenting accounting information to senior management, budget preparation, consolidated accounts and statutory returns.

The position offers a number of interesting career prospects both in the medium and long term. Up to £13,000 + bank benefits. LONDON.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Sterling Finance Officer
Money Market

LONDON WC1 — up to £14,792

A key vacancy has arisen in the Financing Manager's Department of British Gas at High Holborn, offering potential for an enthusiastic young accountant or graduate.

The post carries responsibilities for day-to-day operation of the industry's sterling money desk, involving direct dealings with the London money market. The successful candidate will have acquired experience of dealing, either in the commercial or the local authority markets, and will have the sound background in economics necessary to communicate effectively with Senior Management on overall policy.

Salary in the range £13,037–£14,792, [inclusive of Inner London Weighting], and the benefits are those normally associated with a large progressive organisation.

Please write with full details of age, experience and qualifications, quoting ref. F/22000I/FT, to:
Senior Personnel Officer [London],
British Gas, 59 Bryanston Street,
London W1A 2AZ.

BRITISH GAS

Investment Analyst

Charter Consolidated Limited has a vacancy for an experienced analyst in the Investment Department. This vacancy provides the opportunity for someone with fund management ambitions to join a small team responsible for the management of both trading and long term investment funds of an international nature.

Candidates should ideally be in their late 20's or early 30's, have professional qualifications in economics, finance, or petroleum engineering and have gained experience with a financial institution, stockbroker or in the oil industry. Current detailed knowledge of the oil and gas and related industries, particularly in North America would be a considerable advantage.

The salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme.

Applications from men or women, which will be treated in confidence, to:—
The Personnel Manager, Charter Consolidated Services Limited, 40 Holborn Viaduct, London EC1P 1AJ.

CHARTER

RH

EUROBOND TRADER
Applications are invited from mature, confident traders with 2/3 years experience to join a small city based team. Candidates will require a lively and enquiring mind and enjoy direct client/institution liaison. Age range m.20s/l.30s. Excellent promotion prospects. Salary to £13,000 + good package.

EUROBOND SETTLEMENTS
Aged m.20s/e.30s candidates should have 3/4 years relevant experience and be fully conversant with all aspects of bond settlements. A background knowledge of FX and gilts would be an advantage. Salary c £10,000.

CREDIT/INVESTMENT ANALYSIS
Excellent opportunity for analyst with international experience. Working in a small team you will be entirely responsible for the assessment of major companies and specific sectors in Europe and Scandinavia. The position offers a high degree of autonomy plus the opportunity of close liaison with the lending officers. Excellent career prospects. £10,000.

INTERNATIONAL LOANS ADMIN.
International or Merchant bankers with loans admin. experience are required for city based International banks. Suitable candidates will be fully experienced in all aspects of loan admin., including loans syndication. Salary range £7,000—£12,000.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

INTERNATIONAL BANKING

U.K. MARKETING — c. £14,000
An opportunity for an experienced international lending banker to be responsible for a relatively new City bank's U.K. marketing and business development effort.

SENIOR CREDIT ANALYST — c. £12,000
As part of its on-going progression, our client seeks a really well trained and capable analyst to establish and develop its credit analysis and research function.

M'MENT. ACCOUNTS SUPERVISOR — c. £10,000
Vigorously expanding international bank needs someone who combines in-depth experience of bank accounting/reporting with the clear ability to supervise and motivate others.

Please telephone Ann Costello or John Chiverton A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row,
London, W.C.1.
01-242 5841

STOCK EXCHANGE SECURITIES

INVESTMENT ADMINISTRATION, overseas settlements for W1 Fund Managers. Management prospects. £8,000-£9,000.

DIVIDENDS AND NEW ISSUES, age 25-35. Pension Fund. £7,500 to start.

ARBITRAGE BEARER STOCKS. Stockbrokers office. Age 25-40. £6,000-£7,000.

OVERSEAS DELIVERIES £6,000-£7,000

BOUGHT AND SOLD TRANSFERS £5,500-£6,000.

CONTRACTS £5,500.

JUNIOR EUROBONDS £5,000.

Most vacancies carry excellent benefits and bonuses. For more details about these and many other opportunities

ask Della Franklin
01-638 1491

ALANGATE AGENCY
Banking and Stockbroking Staff Consultancy
40-42 Copthall Avenue, EC2

CJA RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

CJRA

Opportunity for early advancement within the bank in London and possible further promotion to the U.S. in 3 years.

SYNDICATIONS EXECUTIVE

LONDON — MAJOR U.S. INTERNATIONAL BANK — £14,000-£18,000

We invite applications from candidates in their late 20's or early 30's with a minimum of 6 years' practical banking experience, and at least 2 years in loan syndication. Any specialist project financing experience would be an added advantage. The successful candidate will report to the Manager of the Corporate Banking Department and be responsible for all syndication work, including seeking and taking of mandates, negotiations, loan signing and administrating of loans up to government level. This is an ideal opening for someone already working as a number two who has the degree of drive, motivation and maturity to assume a number one syndications appointment, as well as the ability to build up the bank's representation in the market. Initial salary negotiable in the range of £14,000-£18,000 + non-contributory pension, free life assurance and medical schemes, subsidised mortgages, assistance with removal expenses if necessary. Applications in strict confidence under reference SE12998/FT, will be forwarded unopened to our client unless you list banks to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

Director of Finance

An Bord Telecom
The Telecommunications Board
Dublin — c. IR£20,000 + car

A new semi-state body is being established to take over the operation of the Irish Telecommunications Service. This will entail responsibility for providing an efficient and dependable telecommunications network and will include a planned programme of investment of £600 million over a five-year period.

The person appointed will be responsible for the financial function and will be expected to set up and manage a computer-based system of multi-annual planning and budgeting together with providing an efficient financial accounting and management information service to the Board. Candidates should have wide financial and senior management experience, in either the public or private sector. This should include the raising of capital and project finance and a knowledge of pricing policies in a capital-intensive industry. Additionally, the position requires a person of initiative who can communicate effectively at all levels. Some familiarity with a high-technology environment would be an asset.

The remuneration package will be geared to attract the highest level of commitment and performance. The position provides an excellent opportunity for career progression in one of the most exciting and rapidly developing service industries in the country.

The identity of candidates will not be revealed to our client without prior permission. Candidates should write for an application form, quoting Ref: GM49/483D/FT and advise if they have made any other recent application.

PA Management Consultants (Ireland) Ltd.
Personnel Services Division, Hume House, Ballsbridge, Dublin 4.
Offices also in Cork.

PA
A member of PA International

Internal Auditor

Age: 25+ — c £11,000

If you are a recently qualified chartered accountant and have preferably some experience with a bank or financial institution, our client, an expanding consortium bank, may be able to offer you a progressive position with their internal audit department. You will be expected to conduct branch audits in Europe. Prospects are excellent as are the range of fringe benefits which include 3% mortgage facility and non-contributory pension scheme.

Please contact Trevor Williams.

Bi-lingual Credit Analyst

Age: 25-30 — £10,000

A superb opportunity has arisen in a major American bank for a fluent German-speaking young banker, with sound loans exposure including some balance sheet analysis experience. The successful candidate will progress into marketing in due course. Competitive fringe benefits include 3% mortgage facility, P.P.P. and non-contributory pension scheme.

Please contact Piers Storie-Pugh.

Junior Credit Officer

Age: 23-28 — £8,500

Genuine future marketing role offered to a young banker with a loans admin./credit analysis background by a well-established contortium bank. A degree is preferred but not mandatory. Benefits package includes 3% mortgage facility, B.U.P.A. and non-contributory pension scheme.

Please contact Miriam Chance.

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

YOUNG BANKERS

Develop your potential in International Trade Finance

ARE YOU a Clearing or International Banker, trained in operations, loans administration or credit? Are you challenged by projects where your efforts can be seen to bring results?

IF SO, a forfait non recourse finance offers you a rare opportunity. The manager of Finanz AG London Ltd, a Credit Suisse subsidiary, needs one or two executives to help him expand the portfolio through sound administration and business development.

You may be aged about 25; have a degree, AIB; and documentary bills and/or ECGD finance experience. Knowledge of Spanish, Italian or French would be a distinct advantage.

SALARY: Circa £8,000 to start, plus bonus, mortgage and other cash benefits make £11,000 easily achievable.

INTERESTED? Then write emphasising how you meet the criteria and enclosing a C.V. Alternatively telephone for an application form to: the Company's Consultant, Ian L. Duff, MBA, AIB, Cripps, Sears and Associates. Telephone: 01-404 5701 (24 hours).

This appointment is open to both men and women.

Cripps, Sears

R-H

GOURMAND?

N. France — c £12,000

Our client is a multinational organisation closely involved with wholesale food marketing and distribution. An Assistant Controller is required by the French subsidiary to take full responsibility for the accounting function which includes the timely preparation of management information. Further prospects within the group are very good and the successful candidate who will be newly qualified (or exceptionaly a finalist) will enjoy an attractive financial and relocation package.

NUMBER TWO

North of London — £11,000 + car

Applicants are likely to be currently Chief Accountant or Project Manager in a medium sized company. A professional qualification is essential and will help secure a rapid promotional path after a two year stint in head office. As assistant financial controller the job holder will have direct contact with operating subsidiaries in a control and development capacity. Pleasant environment, good package.

BORED ACCOUNTANT?

C. London — Min £10,000 package

Are you trained in book-keeping and accounts preparation but bored with accounting? A practical utilisation of such training is in the field of systems advice. Our client is engaged in the design and sale of software packages to both commercial and professional firms, and it seeks a person who can act in a sales support role. Your ability to help the company grow will be well rewarded.

FINANCIAL ANALYST

Surrey — c £10,500

An engineering graduate with an analytical background is sought by the European headquarters of a U.S. multinational. The vacancy, which arises from a promotion, contains 50% ad hoc work but primarily takes responsibility for the provision of financial data to tight deadlines. Further areas of involvement include financial planning and the evaluation of major capital expenditure proposals. A small amount of European travel can be expected.

STAR QUALITY

Essex — £9,500 + car

A large U.K. group offers a sparkling future to a young, high calibre auditor who can demonstrate his/her career potential. This is a classic stepping stone audit role. The initial position affords an in-depth view of the company's operations with an emphasis upon the review of management systems. The successful candidate is expected to progress rapidly to a senior line accounting position with an operating company.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Very High Earnings
Stocks and Shares
Private Client Business

Experienced private client sales person required by firm of licensed dealers in Securities

Write with full career details to Box A.7408, Financial Times, 10, Cannon Street, EC4P 4BY. Your application will be treated in strictest confidence.

STOCKBROKERS

Manager/Designate
(Exp. must be varied within the Stockbroking field.) Salary c. £8,000/£12,000 plus bonus.

Foreign Settlements Clerk (2)
(Exp. in ADR, tape deliveries.) Salary £8,000 plus bonus.

Bought or Sold Transfer Clerk (2)
Salary £6,000 plus bonus.

Dividend Clerk (2)
Salary £7,000 plus bonus.

Foreign Exchange, Eurobond Clerk (2)
Stockbroking or Banking exp. would be considered. Salary £8,000 plus bonus.

2 Junior Clerks
(1 years' Stockbroking or Banking exp.) Salary £4,500-£5,000 aae.

For further details ring
Sue Stevens 01-623 0101
CAMBRIDGE APPOINTMENTS

APPOINTMENTS ADVERTISING
Rate £22.50 per single column centimetre

COMPANY NOTICES

BRISA — AUTO-ESTRADAS DE PORTUGAL SARL

LOAN OF EUA 15.000.000 9¼% 1974/1989

Bondholders are hereby informed that amortisation due on February 6, 1981, for which an amount of EUA 1.000.000 is planned, has been effected by a draw by lot.

Following this draw which took place on January 9 1981 in the presence of Madame Jeanne HOUSSE, huissier de Justice at Luxembourg, the 1.000 bonds of EUA 1.000 bearing numbers:

10498 to 11776

inclusive will be redeemable at par, coupon at February 6, 1982, and subsequents attached, as from February 6, 1981, date at which they will cease to bear interest.

The following banks will carry out the redemption of the said bonds and the payment of interests due on February 6, 1981:

CREDIT LYONNAIS, Luxembourg—CREDIT LYONNAIS, Paris—KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg—COMMERZBANK A.G., Frankfurt am Main—BANQUE BRUXELLES LAMBERT S.A. Brussels—AMSTERDAM-ROTTERDAM BANK N.V., Amsterdam.

It is recalled that the following bonds previously drawn by lots, have not yet been presented for repayment:

February 6, 1978: Nos. 7410 7411.

February 6, 1979: Nos. 175, 200, 235 to 237, 245, 246.

February 6, 1980: Nos. 8989 to 9010, 9084 9163 to 9165, 9186 to 9189, 9206 to 9235, 9256 to 9255, 9300 9325, 9329, 9370, 9373, 9377, 9393 to 9396, 9398 9413, 9449, 9468, 9496 9497, 9499, 9500, 9537, 9538, 9551 to 9553 9576 to 9579, 9642 9543, 9707 9722, 9723, 9725, 9726 9733 9774, 9736, 9738 to 9741, 9930, 9931, 9943, 9970, 10432, 10436 to 10438, 10465 to 10475 10483, 10489.

Amount remaining in circulation after this 7th instalment:

EUA 10.000.000.

The Fiscal Agent
CREDIT LYONNAIS—Luxembourg

A.P.E.L. SOCIETE CONCESSIONNAIRE DES AUTOROUTES PARIS-EST-LORRAINE

EUA 12.000.000 9½% 1975/1985

Bondholders are hereby informed that amortisation due on February 21, 1981 for which an amount of EUA 1.500.000 is planned, has been effected by a draw by lot.

Following this draw, which took place on January 9, 1981 in the presence of Madame Jeanne HOUSSE huissier de Justice at Luxembourg, the 1 500 bonds of EUA 1.000 bearing numbers:

9719 to 11218

inclusive will be redeemable at par, coupon at February 21, 1982 and subsequents attached, as from February 21, 1981 date at which they will cease to bear interest

The following banks will carry out the redemption of the said bonds and the payment of interests due on February 21, 1981:

CREDIT LYONNAIS, Luxembourg—COMMERZBANK A.G., Frankfurt-Main—CREDIT INDUSTRIEL ET COMMERCIAL, Paris—KREDIETBANK S.A. LUXEMBOURGEOISE Luxembourg—SOCIETE GENERALE DE BANQUE S.A., Bruxelles.

It is recalled that the following bonds previously drawn by lots, have not yet been presented for repayment:

February 21, 1979: Nos. 8240, 8306 to 8310, 8320 to 8325, 8493 to 8499, 8643 to 8652:

February 21, 1980: Nos. 6458 to 6461, 6582, 6583, 6638 to 6645, 6697, 6719, 6952 to 6957, 7041, 7042, 7055 to 7058, 7087 to 7093, 7118 to 7127, 7157 to 7160, 7163 to 7172, 7175, 7192 to 7194, 7215 to 7234, 7236 to 7242, 7251, 7252, 7256 7257, 7266 to 7286, 7304, 7305, 7339, 7340, 7360 to 7367, 7369, 7370, 7384, 7385, 7395 to 7403, 7412 to 7418 7429, 7434 to 7443, 7499, 7596 to 7602, 7625 to 7630 7634, 7635, 7653, 7668, 7675 7682 to 7694, 7699 to 7704, 7764, 7765, 7926.

Amount remaining in circulation after this 3rd instalment:

EUA 7.500 000.

The Fiscal Agent
CREDIT LYONNAIS—Luxembourg

PECHINEY UGINE KUHLMANN INTERNATIONAL N.V.

Dutch Limited Company with a capital of HFL 20,000,000.
Registered Office in Amsterdam, 214 Herengracht.

Loan of EUA 20,000,000
8¼%—1974/89

Bondholders are hereby informed that the redemption instalment of EUA 1,000,000.- due on February 22, 1981 has been entirely met by purchases in the market.

Payment of interest due on February 22, 1981 will take place at the following Banks:

Credit Lyonnais, Luxembourg — Kredietbank S.A. Luxembourgeoise, Luxembourg — Credit Commercial de France, Paris — Pierson, Heldring and Pierson, Amsterdam — Banque Bruxelles Lambert S.A., Brussels.

It is reminded that the following bonds drawn for redemption on February 22, 1979 have not yet been presented for repayment:

No 9478, 9544, 9653, 9656, 9663 to 9671, 9676 to 9678, 9680.

Outstanding amount after this seventh amortization:

EUA 16,000,000.

The Fiscal Agent.
CREDIT LYONNAIS,
LUXEMBOURG.

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of U.S.$70 million January 1977/83

The rate of interest applicable for the six months period beginning on January 21 1981 and set by the reference agent is 17¼% annually.

COURSES

SCHOOL OF ORIENTAL AND AFRICAN STUDIES
(University of London)
EXTRAMURAL DIVISION
announce
INTENSIVE COURSE IN SPOKEN ARABIC FOR BUSINESSMEN
ARABIC 1—for complete beginners
23-27 March 1981
ARABIC 1 £300

Enquiries to: Miss A. Greenaway-Johns (A1), Extramural Division, School of Oriental and African Studies, Malet Street, London WC1E 7HP. Tel: 01-637 2388, Ext. 578.

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OIL BUNKER —LONDON

Pamoil Limited wishes to obtain the services of a Bunker Specialist to work from the London office. Applications together with detailed c.v. should be addressed to the Managing Director, Pamoil Limited, 23 Great Castle Street, London W1N 8NQ. It is anticipated that the successful applicant will have at least 10 years' proven experience in bunkering. A knowledge of European and Middle Eastern markets is essential as is the ability to work successfully without supervision — the job demands initiative.

Salary indicator is £12,000 but could be substantially more for the right applicant. Other benefits are excellent.

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We wish to appoint an Oil Trader to trade in crude oil and related products, primarily for the European and Middle Eastern markets. Applicants must have demonstrable experience in dealing with the purchase of crude oil on a contract basis from producing countries and additionally must be well experienced in the field of crude oil trading. It is unlikely that the successful applicant will have had less than 15 years' experience in this field. Salary and other benefits are to be negotiated but they will reflect the importance placed by the company on this key appointment.

Please reply to the Managing Director, Pamoil Limited, 23 Great Castle Street, London W1N 8NQ.

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10 Cannon Street, EC4P 4BY

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If you feel that you can make an effective contribution please write or telephone, in the first instance, to Mrs. S. Arneil.

BSB Banking Appointments
115/117 Cannon Street, London, EC4
Telephone: 01-623 7317

CHARTERHOUSE APPOINTMENTS
Europe House
World Trade Centre
London E1 9AA

FINANCIAL INSTRUMENTS FUTURES DEALER
for US corporation based in New Jersey. Comex and IMM dealing experience essential. c.$70,000 + incentive plan.

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EUROBOND SETTLEMENTS SUPERVISOR
to act as No 2 liaising with Traders, Clients, Banks and other Brokers, processing all aspects of Eurobond Settlements. Current relevant experience essential. c. £9,000.

C.D. SETTLEMENTS ASSISTANT
to handle relative C.D. market administration for international trading company. Highly competitive negotiable salary.

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Please contact David Lubbock on the number below. (Evenings/Week-ends telephone 01-223 0730).

01-481 3188

Financial and Administrative Assistant to Group Chairman

Holding company has operations in U.S., West Germany, Singapore and Mexico involving mining, construction and drilling equipment. Applicants should have Overseas experience, second language (preferably Spanish or German) and superior financial credentials. Position will require routine travel with generous expense account to all operations as well as new locations developed through acquisitions.

Salary and financial package will be very, very attractive to the right candidate and additional compensation will be paid for CPA and/or MBA.

Please reply in strictest confidence to Box A.7416, Financial Times, 10, Cannon Street, EC4P 4BY.

Candidates selected for interview will be contacted in the week of February 9th, 1981.

APPOINTMENTS WANTED

ASST. MGR. Int. City Bank, 54, A.I.B. Languages. Jm/Exc., Corporate Loans. Securities. Highfield House, Marden, Kent.

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LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
J WYATT JNR. (HAULAGE) LIMITED
(In Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the Offices of FLOYD, NASH & CO., Chartered Accountants of 218 Strand W.C.2. in the City of Westminster, on Friday the 27th day of February, 1981 at 11.30 a.m. to be followed at 11.45 a.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 16th day of January 1981.
R. E. FLOYD, Liquidator.

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
THE EVANS COMPY. (LEYTONSTONE) LIMITED
(In Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the Offices of FLOYD, NASH & CO., 216 Strand, W.C.2, in the City of Westminster on Friday, the 27th day of February, 1981, at 3.00 p.m. to be followed at 3.15 p.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 16th day of January 1981
R. E. FLOYD, Liquidator

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LOMBARD

Warring dons at Cambridge

BY BRIAN GROOM

IT HAD to end in tears. Years of simmering disagreement between the traditionalist and social theorist dons of Cambridge University's English faculty over how to teach literature have finally boiled over into that *classic dream story of the* snootier end of Fleet Street: a grand dust-up in the groves of academe.

The theorists and sympathisers say their man, Dr. Colin McCabe, was unjustly refused a tenured post. Now, with professors booted off committees, resignations, and accusations of "rampant prejudice" and a "McCarthyite purge" against the theorists, the university Senate may be urged to consider suspending the faculty board. Meanwhile student representatives say they are calling a public meeting for tomorrow

Cobleyism

And all, a baffled public is told, over something called "structuralism." But what is structuralism to English dons or they to structuralism that they should weep over it? In fact more than the one term is involved. Facing the traditionalists, who broadly feel that classical texts should be read for what wisdom they hold of themselves, is an array of theoretical, and sometimes ideological frameworks for study: structuralism, semiology, Marxism, formalism and, some claim, Uncle Tom Cobleyism and all.

Seeking definitions of the terms is like being locked in a cell with 30 economists describing the root causes of inflation. The radicals (in the cultural, and sometimes also in the political sense) are perhaps best defined by what many of them oppose. Terry Eagleton, a Marxist don at Oxford, supported students last year in a bid to persuade a somewhat conservative faculty to adopt a more theoretical approach.

English literature was already a "heavily loaded theoretical construction," he later wrote. Traditionalists claimed they read texts with open minds, unencumbered *with ideological preconceptions*, but in fact they chose, interpreted and ranked works *according to "historically* dominant values."

The "newfangled" theories [illegible] a matter of reading the text in the light of preconceptions—a phenomenon satirised in *The Pooh Perplex*, a collection of essays "edited by *Frederick C. Crews,*" in which one Martin Tempralis saw A. A. Milne's Winnie the Pooh *stories as "a bourgeois writer's* proletarian fables" and the Reverend Culpepper saw them as a detailed Christian allegory.

Marxism has been accused of awarding marks according to ideological criteria (e.g. was *Gulliver's Travels* at all progressive in tendency?); but this does no justice to Marx, who viewed writers more liberally because changes in the economic structure of society were ultimately responsible for artistic trends. This was not a simple link (*Hamlet* was not the result of gloom about Elizabethan inflation), and Marx allowed room for complex responses. The theory has developed somewhat, but most Marxists believe texts should be studied in relation to the society from which they sprang.

Structuralism began life in modern linguistics, meaning a descriptive grammar classifying the immediate constituents of current language, emphasising the contest of words rather than their history. Often considered outdated by linguistics scholars, it has since been applied in disciplines from biology to literary criticism. It tends to be regarded as the analysis of communication by "symbolic languages" which *sometimes go beyond the stated* meaning of words. Levi-Strauss, the anthropologist, saw *marriage rules as messages passed* between brothers-in-law, reaffirming the social order. In *literature, words have an important positional status as* systems of signs.

Repression

Semiology, prominent in film, is difficult to distinguish from structuralism and also concentrates on signs, often non-linguistic: Roland Barthes, the French writer, analysed clothes as messages.

Why, one might ask, can the warring dons not live and let live? *Because the intellectual* stakes are high. Traditionalists fear the love of literature may *be swamped by theory and* jargon, while the more extreme radicals blame established *modes of study for repression.*

An increasing volume of traffic

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

IT IS a commonplace that when business is bad the courts are busier than ever. The increasing frequency with which motor car makers appear in courts will, therefore, hardly surprise anyone.

They fight for the protection *of their names*, designs, pricing policies, and over their agreements with dealers.

Let us start with a name protection case, and a very good name too. Rolls-Royce Motors deal each year with some 500 trade mark infringements throughout the world. But Rolls-Royce was awarded damages for the first time last month.

The award was made by the Assize Court at Uppsala against the Swedish importer of *Mazda Motor Cars.* The importer, Olle Olsson Bilimport, described the Mazda 929 Legato as "*the new Rolls in the family,*" both in advertisements and in publicity material.

Rolls-Royce brought an action, armed with the opinion of a Swedish expert, that the use to which the importer put Rolls-Royce's name "constituted a highly dubious parasitic use of goodwill in respect of the Marketing Law." The court went even further. It said the behaviour of the importer of Mazda cars violated not only Swedish marketing law, but also the Trade Marks Act. Rolls-Royce was awarded about £5,000 in damages and costs.

Much more heat has been *generated in London — and* even more heat will, in all probability, be generated in Luxembourg — by the dispute between British Leyland companies and TI Silencers. It concerns the sale of spare parts for Leyland vehicles. BL claims to have copyright in certain drawings for exhaust assemblies for various cars, and that TI Silencers has infringed that copyright by making such exhaust assemblies or their *components.*

This particular version of artistic copyright for industrial or commercial products exists only in the UK and not in the *other EEC countries.* BL cannot prevent the manufacture or sale of imitation products in *any other EEC country* except the UK. TI Silencers argues that this alone puts the company at a great *disadvantage* compared with European rivals and that competition between TI Silencers and the European companies is, therefore, distorted, in a way prohibited by the Competition Rules of the EEC.

It appears that BL, when granting licences for the production of copyright parts, was not satisfied in asking for royalties calculated on the basis of such parts only. It granted three licences to four UK companies providing that royalties should be paid on the entire range of replacement parts made or sold by the licensee *and intended for BL vehicles.*

In a fourth licensing agreement BL gave the licensee the choice, either to *pay a 7 per* cent royalty on copyright parts only or a 4.4 per cent royalty on all exhaust systems *suitable* for BL cars and sold by him. Should these sales not include any BL copyright exhaust systems with crimpled-end silencers, in any three month period, this omnibus royalty would be reduced to 3 per cent.

TI Silencers asserted — though the trial judge said this was unsubstantiated—that BL was prepared to grant only such licences which required payment of royalties in respect of all parts suitable for BL vehicles even if not protected by BL's copyright. TI Silencers claimed further that the rates of royalty demanded by BL were excessive.

TI Silencers argued that BL licensing conditions infringed not only Article 85 of the EEC Treaty, aimed against restrictive practices, but also, by an abuse of their dominant position, Article 86 and by preventing the free circulation of goods between member states, Articles 30 and 34 of the Treaty. In substance, the company claimed that it could not be found guilty *of an infringement* of the British copyright law because it was, in effect, taking the *law into its own hands* to protect the superior rules of the EEC Treaty.

These "European defences" were struck out by Mr. Justice Walton in the High Court, London, on April 2, 1980, but restored by the Court of Appeal on November 24.

The Court of Appeal said that the trial judge failed to recognise that this was not a case of ordinary exploitation of copyright as BL extracted royalties also on articles over which they did not have copyright. This issue will hardly cause any headaches to the Luxembourg judges if referred to the European Court, as can now be expected. The charging of omnibus royalties — including unprotected products — is anathema to anti-trust laws as developed in the United States and taken up in Europe.

Some headaches, however, may be caused by the argument that BL's copyright does not come under the exemption of industrial property rights from the prohibition of restrictions on trade, as laid down in Article 36 of the EEC Treaty.

The Court of Appeal did not go into *the merits of the case.* It only held that the European defences consisted of points which were well arguable and should not have been struck out. If the trial judge had difficulty in deciding the scope of European law relating to this dispute, he should have sought guidance from the European Court.

The European Court, *in a* series of judgments, clipped substantially the application of trade mark rights. *It* treated copyright somewhat more gently, but it has not yet had much of an opportunity to take a stand on industrial design.

European defences were invoked in a rather unusual way by a French company, Garage *CIPL*, when *Sonauto, the French* importer of Porsche cars, terminated its exclusive dealership for *the district* of Tarn. The first contract for exclusive dealership was concluded between these two French companies in 1976 and was followed by successive yearly contracts, of which the *last expired* at the end of 1979.

Garage CIPL asked the French Commercial Court in Paris to order Sonauto to continue to supply it with Porsche cars. It argued that the yearly agreements for exclusive dealership were *never valid because* they infringed both domestic, French, competition rules and those of the *EEC.* Consequently, the relationship between the two parties was simply that of a supplier and his authorised distributor who *did not* enjoy any territorial exclusivity.

It was argued, in view of the French laws *prohibiting a* refusal to sell, that the importer was obliged to continue to supply the plaintiff on the same terms as other recognised Porsche dealers.

The case reflected the state of considerable agitation in this area *of French* law. There is some contradiction between decisions of criminal and commercial courts, *and the organisation* of motor car dealers urges legislation which would give their members the same protection on termination of agreements as is enjoyed by commercial agents.

If Garage CIPL had won its case the entire structure of motor car distribution in France would have been destabilised. But it did not. The Commercial Court *held* on September 28, 1980, that the dealership agreement was not voided by French or *EEC* competition legislation nor made indeterminate by three successive renewals. Its termination was quite proper. And so after much excitement, everything is the same as before.

Four favoured in National trial

RACING

BY DOMINIC WIGAN

TWENTY ONE remain in Saturday's Brooke Bond Oxo National Handicap, in which the emphasis will, surely, be on stamina. Few chasers get four miles and one furlong in holding conditions, and it comes as *no surprise* that bookmakers are proving cautious with the odds they are prepared to offer against those already proven in stamina tests.

The William Hill, Corals and Mecca odds-makers seem to believe the winner will be from The Vintner, Highway Patt, Royal Exile or Narvik, but they *have no firm favourite* from among this quartet. The Vintner heads the Hills and Mecca lists, *while Corals make* Highway Patt their market leader.

Although Highway Patt might well have caught and passed Peter Scot in the closing stages of the Anthony Mildmay, Peter Cazalet Memorial Chase at Sandown 12 days ago but for a succession of errors, I suspect he will again find the runner-up, *The Vintner, too good.*

The Vintner, a more experienced chaser than Highway Patt, also made one or two *blunders* in that event. However, he was running best at the finish and will be ideally suited by the additional half mile of Saturday's race.

Among the longer-priced candidates for the Brooke Bond prize is that extraordinary defier of weights, Martinstown. The Martin-based nine-year-old, who *overcame* 24 lbs overweight and Midday Welcome in winning Cheltenham's Bass Handicap in a *time fractionally over* 90 seconds outside the average for the four miles of the Gloucestershire course, is readily available at 12-1.

This afternoon at Newton Abbot some backers may well be tempted to try a double featuring Mark Floyd's mount in the first race and Richard Linley's in the second. Floyd is aboard *Go Gently*, owned by Sheikh Ali Abu Khamsin, while half an hour later Sheikh Ali bids for *the Selling Chase under Linley.*

Go Gently, a bay mare by New Member out of Softly Softly, looks to have Straight Accord to beat in the opening division of the Chelston Novices Hurdle.

NEWTON ABBOT
1.15—Go Gently***
1.45—Sheikh Ali
2.15—Joint Venture**
2.45—Jakaroo*
3.15—Ulmar
3.45—Pembi Chase

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight & Wed 7.30: Romeo & Juliet. Tomor & Tues 7.30. The Merry Widow. Sat 7.30 Tosca. 104 balcony seats avail from 10 am on day of perf.

THEATRES

KINGS HEAD. 226 1916. Ends Sat! Dnr 7. Show 8 SHADOW PLAY by Noel Coward & A MAN OF FEELING by Stephen Oliver.

LYRIC. S. CC. 01-437 3686. Evenings [illegible]

THEATRES

WAREHOUSE. Donmar Theatre, Earlham Street, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't. Tomor 7.30 premiere production NAKED ROBOTS by Jonathan Gems. All seats £3.50. Students £2.00 in [illegible]

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

TV/Radio

BBC 1

[illegible] programme in black and white

9.00 am For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. [illegible] 2.00 You and Me. 2.15 *For Schools, Colleges.* 3.53 Regional News for England (except London). 3.55 Play School (*as BBC-2 11.00 am*). 4.20 Laurel and Hardy in "Frigid Ray Gun." 4.25 Jackanory. 4.40 Heidi. 5.00 *John Craven's Newsround.* 5.05 Blue Peter. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tomorrow's World.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Sink or Swim.
9.00 News.
9.25 The Treachery Game.
10.15 Question Time with Robin Day.
11.18 News Headlines.
11.20 Kojak.

All Regions as BBC-1 except *as follows:—*

BBC Cymru/Wales—10.10-10.30 am Ysgolion. Hwnt As Yma. *2.15-2.35 pm I Ysgolion. Ffenestri.* 5.55-6.20 Wales Today. 7.00-7.25 Heddiw. 10.15-11.18 Welsh Sports *Personality of the Year (1980).* 12.07 am Question Time (as BBC-1 10.15 pm). 1.07 News *and Weather for Wales.*

Scotland—10.10-10.30 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 3.25-3.55 The Afternoon Show. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 11.18 Lord Mountbatten Remembers. 11.48 News and Weather for Scotland.

Northern Ireland—11.30-11.50 am *For Schools (The Giant's Causeway).* 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45-11.18 Star Brass. 12.5 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
4.50-5.30 pm Open University.
†5.40 Laurel and Hardy in "Thicker Than Water."
6.00 Music Hall Greats: "Champagne Charlie," starring Tommy Trinder and Stanley Holloway.
7.40 Mid-Evening News.
7.50 Cartoon Two.
8.00 Writers and Places.
8.30 Russell Harty.
9.00 The Little World of Don Camillo.
9.30 Man Alive.
10.20 Revolting Women.
10.45 Newsnight.

LONDON

9.30 am Schools Programmes. *12.00 Gideon. 12.10 pm* Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 *Thames News. 1.30* Together. 2.00 After Noon Plus. 2.45 Fallen Hero. 3.45 *Life Begins at Forty.* 4.15 *Dr. Snuggles. 4.20 Little* House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Charlie's Angels.
7.30 The Jim Davidson Show.
8.00 Sapphire and Steel.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 Take Six: "The King's Head."
11.15 What The Papers Say Awards.
12.15 am Close: "Sit Up and Listen," with Christine Smith.

All IBA Regions as London except at the following times:

ANGLIA

9.15am Jobline (job possibilities in Ipswich, Stowmarket, Felixstowe, Harwich and Woodbridge. 1.20pm Anglia News. 3.45 The Entertainers. Stephane Grappelli. 4.20 Project UFO. *6.00 About Anglia.* 6.20 *Arena.* 6.35 Crossroads. 7.00 Bygones. 10.30 The Cambridge Debate — Sir Keith Joseph, Secretary of State for Industry, defends *the Government's economic policies* against U.S. economist Professor J. K. Galbraith. 11.00 Kate Loves a Mystery. 12.00 Superstar Profile. 12.30am Today's People.

ATV

1.20pm ATV News. 4.20 Vic The Viking. 4.50 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. *10.30 Focus. 11.00 ATV News.* 11.05 Lou Grant.

BORDER

1.20pm Border News. 3.45 Untamed World. 4.20 Salvage-1. 5.15 The New Fred and Barney Show. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Benson. 11.00 It's a Musical World, introduced by Tony Hatch and Jackie Trent. 11.50 *Border News Summary.*

CHANNEL

1.20pm Channel Lunchtime News. What's on Where and Weather. 3.45 University Challenge. 6.00 Channel Report. 6.35 Crossroads. 7.00 Link Up. 10.28 Channel Late News. 10.35 Unforgettable (Dave Berry and The Swinging Blue Jeans). 11.05 The Electric Theatre Show. 11.30 News and Weather in French.

GRANADA

1.20pm Granada Reports. 3.45 *Survival.* †*4.20 Movie Matinee, Laurel* and Hardy in "Bonnie Scotland." 6.00 Granada Reports. 6.25 This is Your Right. 6.30 Crossroads. 7.00 *Emmerdale Farm. 10.30 Benson.* 11.00 What the Papers Say. 11.30 Fight Night.

GRAMPIAN

9.25am First Thing. 1.20pm North News. 3.45 Our Little Town. 4.20 Salvage-1. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 Apart From Oil. 10.30 It's a Musical World. 11.30 Reflections. 11.35 Paris. 12.30am North Headlines.

HTV

1.20pm HTV News. 5.10 Jobline Newsdesk. 5.20 *Crossroads.* 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Gallery. 11.20 S.W.A.T.

HTV Cymru/Wales—As HTV West except: 9.30-9.45am About Wales. 12.00-12.10pm Owain A'r Olion. 4.20 Little Sambo. 4.20 Take a Chance. 4.45 Sêr. 5.10-5.20 Cartoon. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.35-11.05 Impromptu.

SCOTTISH

1.20pm News Headlines and Road and Weather Report. 5.15 Tales of Crime. *5.20 Crossroads. 6.00 Scotland Today.* 6.20 Action Line. 6.30 Talking Scots. 7.00 Emmerdale Farm. 10.30 Day Return. 11.00 Superstar Profile. 11.30 Late Call. 11.35 Lou Grant.

SOUTHERN

1.20pm Southern News. 3.45 Superstar Profile. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.35 People Rule! 11.05 Jazz. 12.05am What the Papers Say.

TYNE TEES

9.20am The Good Word. 9.25 North East News. 1.20pm North East News and Lookaround. 3.45 In Loving Memory. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 19.32 Motorway. 11.30 Soap. *12.00 First Class Citizens.*

ULSTER

1.20 pm Lunchtime. 4.13 Ulster *News. 5.20 Crossroads.* 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.15 Barney *Miller.* 11.45 Bedtime.

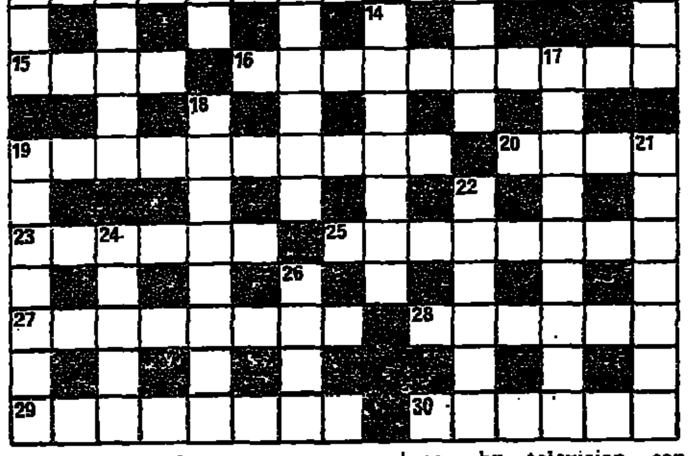
WESTWARD

12.27 pm Gus Honeybun's Birthdays. *1.20 Westward News Headlines.* 3.45 University Challenge. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Westward Report. *10.32 Westward Late News.* 10.36 Unforgettable (Dave Berry and The Swinging Blue Jeans). 11.05 The Electric Theatre Show. 11.30 Faith for Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 The Entertainers. 4.20 Fantastic Four. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 With A Little Help. 11.00 Beyond Westworld.

F.T. CROSSWORD PUZZLE No. 4,475



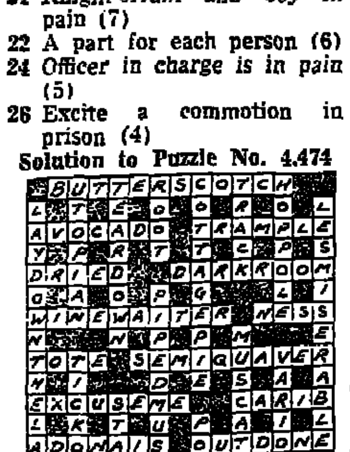
ACROSS

1 Shoot a gullible person (6)
4 *Teaches to see about round* gold coin (8)
9 Unreal mixture of bone (6)
10 Bird and monarch showing off (8)
12 Roast whole fish live and implement for potting (8)
13 Accent in footwear? (6)
15 Ramble over the last first (4)
16 A share to smell when *growing up* (10)
19 Turning from the right for each translation (10)
20 Overall at work (4)
23 Find Officer Commanding delayed outside (6)
25 Civil, and time soldiers left (8)
27 Mind-reader allowed to return to eastern way (8)
28 Send back chap in the red (6)
29 Not inclined to speak in silent vessel (8)
30 Write no short name and flag (6)

DOWN

1 Sleep with Pole on stored furniture (7)
2 Manager with company book on stream (9)
3 Expedition leader on test for mountaineer's ladder (6)
5 Depressed as this clue is (4)
6 Exhibition of differences shown by television controller (8)
7 Article given by slim girl initially (5)
8 Section of FBI agents seen *in set* (7)
11 Nut reversed on plate in funnel (7)
14 Permitted everybody *to be* indebted (7)
17 Provide refreshment to amuse (9)
18 Warms drug for skin disorder (8)
19 Wan child in loose overcoat (7)
21 Knight-errant and boy in pain (7)
22 A part for each person (6)
24 *Officer in charge is in pain* (5)
26 Excite a commotion in prison (4)

Solution to Puzzle No. 4,474



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: *1548kHz, 194m & 95.8vhf*
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Wheels. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. *10.02 A Very Private Man* starring Rodney Bewes. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 *This Week's Composer: Dowland* (S). 9.35 Contemporary Music for Brass Band (S). 10.25 High Mass for the Feast of St. Michael The Archangel (S). 11.35 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert (S). 2.00 "Le Lahore de Larche," opera in five acts by Massenet, Acts 1 and 2 (S). 3.25 Interval Reading. 3.35 "Le Roi de Lahore," Acts 3, 4 and 5. 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Talking About Music (S). 7.30 As Radio 4. 9.20 Words. 9.25 Lorin Maazel Conducts Sibelius. Symphony No. 4 (S). 10.00 "Family Voices," Britain's National Theatre in a new *play by Harold Pinter* (S). 10.40 Thomas Weelkes: Recital of ayres and madrigals for three and six voices (S). 11.00 News. 11.05-11.15 Harmonies du Soir by Liszt (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Check-*point. 9.30 The Living World.* 10.00 News. 10.02 People and Places. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.50 *Enquire Within. 12.00 News.* 12.02 pm You and Yours. 12.27 Never Too Late (S). 12.55 Weather, Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Fritz Spiegl's Musical Alphabet. 4.15 *Bookshelf.* 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Any *Answers? 6.55 It's A Bargain.* 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Emil Gilels piano, part 1 (S). 8.30 Goldring In Zimbabwe: Report on the first nine months of Independence in Zimbabwe. 8.40 Emil Gilels (part 2) (S). 9.20 *Kaleidoscope. 9.59 Weather.* 10.00 The World Tonight. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News.

BBC Radio London

5.00am As Radio 2. 6.30 Rush Hour. 10.03 The Lorraine Chase Telephone Programme. 1.03pm London Live. 4.30 London News Desk. 5.35 Music on the Move. *7.03 Black Londoners.* 8.00 Question Time from The House of Commons. 9.00-5.00am Join Radio 2.

London Broadcasting

6.00am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.30am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 *London Tonight.* 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00am Night Flight.

THE ARTS

Royal Court

Touched

Stephen Lowe's *Touched* has lived with me since its premiere three and a half years ago at the Nottingham Playhouse. The playwright has gone on to write a version of *The Ragged Trousered Philanthropist* brilliantly performed by the Joint Stock Company. The director of that show, William Gaskill, has returned to Lowe and his old stomping ground to banish what few doubts I had about the play and to highlight qualities I missed first time round.

This is the tale of three sisters in the backstreets of Nottingham at the end of the last war. Set with deliberation during the hundred days between Victory in Europe and Victory in Japan, the resonant public statements of the politicians are threaded through the ironic realism of life in a land fit for heroes flowing with milk and honey. Sunlight and water dapple the landscape. Sandra, still awaiting Albert's return, sees hope at the end of the rainbow in the shape of a child. The writing continually shifts gear to accommodate her illusions. She stood in line with the other women outside the Italian POW camp on the hill. She is three months gone.

The middle sister, Joan (played with delightful attack by Sharon Duce), tries to jolt Sandra out of her daydreams and sets up an abortion scene with cups of gin and a hot bath. She is the practical instrument of Mother's (Elizabeth Bradley) stern disapproval, but Marjorie Yates as Sandra, repeating her glorious performance in the role, stands naked and defiant, rising from the bath at the sound of Johnny's invocation of a new dawn under a Labour Government. The play is much improved by Mr. Gaskill pruning the optimistic tub-thumping. Just enough remains to make the point and to underline the melancholy that seeps through the action and climaxes in a breathtaking final scene of sleeping women lighting cigarettes and stretching out on the hilltop.

The young half-sister (Kathryn Pogson) is, says Joan, as "touched" as Sandra, submitting to her own fantasy engagement to a Polish airman. At the end, there is no child; there is no airman. The sun and the water have played tricks on the family. The Lawrentian community is solid enough, but its reflected image — stunningly evoked in Frank Dawson's simple design and its upstage mirror—will offer little support over the coming years.

The play's conception *(sic)* is perfectly realised in the production and, especially, the central character, who emits a sense of communing both with the historical framework and her own private thoughts. That gap is poignantly defined in the opening image of Sandra, half-lit among the washing lines, listening to Richard Dimbleby's chillingly matter-of-fact eye-witness report from Belsen. It is a gap bridged with far more fluency than at Nottingham, perhaps because a smaller stage and a more concentrated production never lets go of Miss Yates's expressive, disappointed grief.

Mr. Gaskill is never shy of giving each scene its full weight and he is careful both with the characters' emotions and the intoxicating humanity of the overall effect.

MICHAEL COVENEY

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
2nd qtr.	115.0	107.3	106	113.0	154.1	1,299	256
3rd qtr.	112.7	103.2	101	106.6	154.7	1,269	247
4th qtr.	112.6	104.2	101	109.1	163.1	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	168.9	1,379	193
2nd qtr.	106.6	96.8	94	109.2	173.5	1,492	160
3rd qtr.	102.8	93.3	84	108.9	176.0	1,695	120
4th qtr.				109.5		2,018	100
April	106.7	97.7	91	109.6	172.3	1,458	169
May	106.5	96.5	93	108.4	172.6	1,484	163
June	106.6	96.2	97	109.5	175.1	1,535	147
July	104.6	95.0	88	108.5	175.9	1,606	126
Aug.	102.0	92.7	91	109.6	176.8	1,696	120
Sept.	100.7	91.2	75	108.5	176.3	1,784	113
Oct.	100.6	90.3		109.7	179.0	1,892	100
Nov.	100.6	89.7		109.2	179.2	2,028	97
Dec.				109.5		2,133	102

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
2nd qtr.	109.3	102.5	133.3	102.4	111.2	103.3	21.3
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.3	21.0
4th qtr.	105.5	101.1	129.6	99.2	103.4	96.8	18.1
1980							
1st qtr.	104.7	101.1	123.4	98.9	56.4	92.2	12.3
2nd qtr.	98.4	95.9	123.1	93.1	93.7	85.6	16.2
3rd qtr.	97.4	94.8	116.6	91.2	78.8	83.3	12.4
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	99.0	95.0	123.0	93.0	94.0	85.0	16.4
July	100.0	96.0	120.0	93.0	82.0	85.0	14.1
Aug.	97.0	95.0	116.0	91.0	81.0	85.0	11.5
Sept.	95.0	94.0	114.0	90.0	74.0	80.0	12.8
Oct.	95.0	93.0	115.0	88.0	67.0	78.0	12.4
Nov.							11.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.8	128.1	−492	+ 60	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−589	−157	103.5	22.54
1980							
1st qtr.	132.3	126.6	−633	−191	−107	100.5	24.87
2nd qtr.	128.4	124.4	−262	− 64	− 8	102.6	28.15
3rd qtr.	126.7	115.8	+774	+1,076	+155	104.8	28.08
4th qtr.	125.8	110.5	+1,160	+1,460	+240	104.8	27.90
April	126.8	128.4	−383	−225	+ 36	101.6	28.01
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	126.5	121.2	+ 48	+149	+ 6	105.4	28.29
Sept.	125.0	109.1	+423	+524	+ 51	104.7	27.64
Oct.	123.5	106.3	+459	+559	+152	104.7	28.03
Nov.	129.0	111.1	+455	+555	+ 59	105.1	28.19
Dec.	125.0	114.1	+246	+346	+ 29	104.7	27.48

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	983	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	1,974	17
2nd qtr.	− 1.5	10.7	23.3	+3,219	697	1,972	17
3rd qtr.	14.4	39.1	45.2	+6,444	1,090	1,947	16
4th qtr.	8.4	21.0	11.2	+3,320	1,253		15
April	− 4.0	5.9	18.8	+ 701	286	675	17
May	4.0	12.6	21.8	+1,149	225	621	17
June	− 4.9	13.7	28.8	+1,369	206	676	17
July	11.7	36.5	50.8	+3,466	340	667	16
Aug.	11.2	40.8	46.4	+2,011	307	623	16
Sept.	20.5	39.8	38.7	+ 967	443	657	16
Oct	6.2	24.0	19.0	+1,128	520	621	16
Nov.	8.0	19.6	7.7	+1,431	285	579	14
Dec.	10.9	19.5	7.0	+ 761	448		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.		201.9	203.6	268.9	259.3	275.13	75.6
4th qtr.		203.5	206.0	273.9	260.7	269.25	78.5
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.1	201.7	202.7	267.9	259.9	273.57	74.7
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	76.2
Sept.	193.6	202.1	204.6	270.2	259.8	276.44	76.0
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	79.2
Nov.	192.4	203.3	206.1	274.1	260.9	270.56	77.5
Dec.		205.7	206.6	275.6	262.7	262.53	78.7

* Not seasonally adjusted.

Marjorie Yates

Theatre Royal, Glasgow

Lucia di Lammermoor

Ashley Putnam is a tall and beautiful young American already gathering laurels in her native land though as yet little known outside it (she was Musetta at the last Glyndebourne *Bohème* and on the Colin Davis recording). Scottish Opera did well to engage her for the latest revival of its 1974 *Lucia*, for the work offered a suitable vehicle for her talents, and also a truthful test of them.

She is a winningly spontaneous actress, who commands a hundred ways of melting gracefully into tears—poor sad Lucy requires them all—and also a softly supplicating use of arms, a manner of holding herself, all of which extended the usually limited vocabulary of conveying lovelorn distress and troubled wits. The Mad Scene was very strikingly played, by an Ophelia bearing a rapier and bloody hands rather than rue and rosemary; and if there was also felt a touch of Tennessee Williams-like ornateness in her profusion of mad smiles, grimaces, and blank gazes, which Miss Putnam could now afford to pare away, it all afforded a revealing comparison wit hthe dull experience of the same scene supplied in last October's Royal Opera revival. (That was an "authentic" *Lucia*, in the original high keys and without ornament. this was not.)

Vocally too: Miss Putnam's warm soprano bloomed especially in the 'Spargi d'amaro pianto " section. The voice takes on particular lustre in its upper octave; and, as she strains neither for the dark accents of a Callas nor for the heroic volume of a Sutherland, the effect was individual as well as glowing. So much should suggest that this is a young singer of marked promise; and yet it would be unkind as well as untrue to call Miss Putnam's Lucy a finished account of the role. Her florid singing varies in quality—sometimes it is clear, quite often sketchy and not meaningfully undertaken (trills were mostly blurs). The voice itself can sound inexpressive in low and middle registers, and words there tend to be vaguely uttered, not dramatically carried on the tone. So much talent demands admonishing as well as praising—it would not do for the singer to rest with an easy but still incomplete success. (She should investigate the original keys, to which her lyrical instrument is well suited —and abjure the climactic high squeals above the stave that go, here unpleasantly, with the old kind of "coloratura" Lucy.)

This was an altogether presentable revival — the native strengths of the opera were vividly displayed, and only a more lovingly moulded touch on the part of the conductor, Henry Lewis, was needed to impart style to dramatic keenness. These, in Donizetti, are in fact interdependent — as we could feel in the chorus preceding the Mad Scene, where exaggerated slow tempos deprived the muse of its elegiac poetry. The production, originally by John Copley, shows some appealingly misty perspectives; the chorus not only sang well but wore their tartans with a dash — both to be expected yet still worth noting.

Another young American, Brent Ellis, was in the cast, as Ashton; but, for all his Errol Flynn dash, he made a disappointing impression, being under the misguided belief that lots of loud singing, delivered in big, separate notes, constitutes apt Donizetti style. At this fourth performance of the run, the scheduled Edgar, Dennis O'Neill, had fallen ill; and Richard Greager, flying in from Hanover with 20 minutes to spare, took his place. The exchange was far from disastrous—Mr. Greager was in the 1974 cast, and knows his way around emergency *Lucias*, having also saved Buxton in 1979. The voice has gained in security and malleability since I last heard him; apart from minor disagreements with the conductor, and a gaze addressed to the floor rather too frequently, there was nothing to indicate that the tenor was not the original choice for this interestingly youthful *Lucia*.

MAX LOPPERT

Festival Hall

Mass in C minor

by RONALD CRICHTON

Tuesday's Philharmonia concert with that Orchestra and Chorus conducted by Riccardo Muti, brought Mozart's great unfinished *C minor Mass* in the performing version of Robbins Landon.

Strange work, so much of it memorably compelling, some less so, in this partly but not entirely distinguished reading leaving a final impression more disunfied than usual. The word "enigmatic" pops up unbidden, but the enigmas might be quickly solved if only we could ask Mozart a few questions. Did he embark on the mass with, for him, an uncharacteristically incomplete view in his mind of the whole, and then realise that the various moods would and perhaps could not finally coalesce?

The sombre pages of which, for a mass written shortly before the presumably joyous occasion of the composer's marriage, there is a surprising quantity, came off best. The "Qui tollis" for double choir, where Mozart's new interest in Baroque style blends so remarkably with a foreshadowing of his own later, most solemn manner, glowed with restrained grandeur. The restraint remained but the grandeur trickled away in the "Credo" and "Benedictus," which sounded less than wholly inspired. There is not much occasion in the mass for the brilliance of tone and attack with which the Philharmonia Chorus used to dazzle us. More sober virtues are needed and were amply provided. The contrapuntal passages were admirably clean: more fire would surely have been forthcoming if the conductor had asked for it.

The soprano soloists on whom so much depends (one of those in the first performance was Mozart's Constanze) were Ileana Cotrubas and Agnes Baltsa. Miss Cotrubas, I understand, had a cold. In "Et incarnatus est" and elsewhere the usual mother-of-pearl tone-quality was only fleetingly apparent, but the artist applied her resources to the formidable vocal writing with the expected skill. Miss Baltsa, a mezzo, successfully lightened her tone, steady and gleaming but less rhythmically secure than her partner's. The tenor and bass, under-implied in the form the mass has reached us, were Robert Tear and Hans Georg Ahrens. Supplementary question for Mozart — "What were you going to give them to do?"

Record Review

A Verdi round-up

by MAX LOPPERT

Stiffelio. Carreras, Sass, Manuguerra, Ganzarolli / Austrian Radio Chorus and Orch./ Gardelli 2 records. Philips 6769 039

Aroldo. Cecchele, Caballé, Pons, Lebherz/Opera Orch. of New York/Queler. 3 records, CBS 79328

Rigoletto. Cappuccilli, Cotrubas, Domingo, Ghiaurov, Obraztsova/Vienna State Opera Chorus, Vienna PO/Giulini records, DG 2740 225

Requiem. Ricciarelli, Verrett, Domingo, Ghiaurov / Chorus and Orch. of La Scala/ Abbado. 2 records, DG 2707 120

Aida. Freni, Carreras, Baltsa, Cappuccilli, Raimondi, Van Dam / Vienna State Opera Chorus, Vienna PO/Karajan. 3 records, HMV SLS 5205

Falstaff. Taddei, Panerai, Kabaivanska, Araiza, Perry, Ludwig / Vienna State Opera Chorus, Vienna PO/Karajan. 3 records, Philips 6769 060

Stiffelio came in 1850, before *Rigoletto*. From the first it suffered badly from the depredations of censorship on its bold and (for mid-novecento Italy) unacceptable depiction of an Austrian Protestant minister betrayed by an unfaithful wife. in 1857, after the premiere of *Simon Boccanegra*, it re-emerged as *Aroldo*, an improbable drama of English crusaders; the original disappeared —until 1968, when it was revived at Parma following the rediscovery of a *Stiffelio* orchestral score (earlier, it was accepted that Verdi had destroyed the original full scores). According to Julian Budden, "To the question, which is the most unjustly neglected of Verdi's operas, the answer must surely be *Stiffelio*." The neglect, however, is lessening. Elizabeth Forbes wrote on this page earlier in the week about the recent Cambridge production. And by happy and useful coincidence, both *Stiffelio* and *Aroldo* were released on records last year. For the Verdian, and despite numerous flaws in performance, both are essential purchases.

The rediscovery of *Stiffelio*, which (as Elizabeth Forbes reminded us) in this country took place later than that of *Aroldo*, is one of the high points of the early Verdi revival: it is a bold, severely passionate music-drama, peculiar in its dark defining colours and its specific qualities of emotional intensity, and original above all in its powerful, vocally weighty middle-aged hero, of a kind not previously encountered in Verdi. One is tempted, under its spell, to dismiss the later work as failure or folly—*Aroldo*, a patchwork of sporadic motivation and dramatic interest, has none of the concentration on themes of personal and public morality (especially relevant in those years to the composer's personal life) by which the earlier is distinguished.

Yet, as both sets of records reveal, the reworking was not all loss. Verdi also tightened and made more effective orchestral detail and the shape of individual movements; he suppressed one or two weak or ordinary passages—the magnificent cabaletta that in *Aroldo* is supplied to climax the soprano's beautiful "Ah! dagli scanni eterei" replaces a very banal, all-purpose piece of rum-ti-tum. And, though lacking the clinching power of the *Stiffelio* final scene (wherein, in choice of sermon delivered before the congregation, the minister effects a public reconciliation with and forgiveness of his wife), the new fourth act of *Aroldo* paints a striking, neo-Weberian tableau of storms over water as backdrop to the unlikely yet appealing spectacle of Aroldo and the errant Mina (she is Lina in the earlier work) reunited on the banks of Loch Lomond.

One wants to "make a case" for *Aroldo* as well as *Stiffelio*, if only because on these records the former is given the livelier reading: it originated in a New York concert performance, and though the roughnesses and imprecisions of the moment are easily instanced, the energy and colour of Eve Queler's conducting leap off the grooves. *Stiffelio*, we are told, brings to a close the Philips early-Verdi series (where is *Alzira*?). Gardelli, its generally admirable conductor, seems to me less fully alert to the character and strengths of *Stiffelio* than he showed himself to be in the case of, say, *Il corsaro*. His performance feels studio-bound, neat but quite often uninvolving — in passages of like character shared between the works, comparison invokes the flaws of the New York Orchestra and Chorus, but also their greater zest.

The singing on the two sets also displays complementary merits and weaknesses. José Carreras, obviously miscast, completely lacks the almost baritonal weight demanded by the vocal line of the Protestant minister; Gianfranco Cecchele's Aroldo commands a more appropriate mass of tone but often a concomitant blare or glare. Sylvia Sass's Lina, a touch less affected and self-absorbed than her other Verdi portrayals, hints here and there at what a valuable singer she could still be (could have been?); as Mina, Caballé gives one of her most exciting performances on disc. In the big aria and cabaletta mentioned earlier, we cannot fail to notice the coarsening of tone and agility in the decade or so since she recorded both in that treasurable RCA collection of rare Verdi arias, but the sheer vocal authority, and the gamut of tone-colours trenchant to pastel, I find irresistible. The baritones — vengeful fathers in both operas — are variously inadequate; the steep decline in the quality of Verdi singing in our day, which these six sets might have been gathered to demonstrate, is here illustrated by baritone lines thick, fudged, ill-tuned and non-legato.

Accompanied by a fanfare and a drumroll of publicity, the DG *Rigoletto* marks Giulini's return as opera conductor—on records only, so far, though *Falstaff* is scheduled to draw him back to Covent Garden next year. The disappointments of this set I consider more serious than those afforded by the Karajan Verdi also under review here—with Karajan one knew, at least, what to expect. Giulini's *Rigoletto* is, quite simply, undramatic. It is very lovingly graded and shaped, very beautifully pointed; the instruments weave a delicate web of sound. In feeling, and also in sound quality—the DG engineers have created a "wide" untheatrical ambience that intimates almost no blood-and-tissue connection between voices and orchestra—it is a "luxury product," not, like Toscanini's final operatic summae on record, the distillation of fire, passion, and long experience.

It is also, quite simply, not very well sung—this might matter less if *Rigoletto* were not an opera already so well represented on records. Though Domingo's Duke tries hard, and, characteristically, has some unexpected successes, he cannot lightly spin off the lyrical lines. Cotrubas's poignant Gilda we know in London; clearly the voice was not in good shape for the recording sessions. And Cappuccilli, never a very interesting singer, is no longer a remarkable one: the timbre is dry. The smaller parts, even Ghiaurov's Sparafucile, are big in name, small in effect.

In the matter of this batch of late Verdi I can be more summary still: who needs it? Abbado's account of the Requiem is a total blank. It is lifelessly (except for a few phrases from a very uneven Shirley Verrett) as well as imperfectly sung, above all by the audibly aging Ghiaurov and the distressingly ill-focused Ricciarelli, any inherent advantages in the presentation of a native chorus and orchestra are nullified by prosaic conducting. And Karajan's operatic duplications all formulate an invariable rule: earlier was better. This means the 1959 Aida, with Tebaldi, Bergonzi, and Simionato, and the 1956 *Falstaff*, with Gobbi, Panerai, and Schwarzkopf, both still available. Neither is a favourite of mine; but, compared with their successors, both boast a wealth of natural, not additive, colour and vitality.

As David Hamilton recently observed, in the American record monthly, High Fidelity, the earlier Karajan opera records were interesting because of the calibre and experience of their chosen singers, as well as their suitability in terms of vocal weight, dimensions, and stamina. Both of necessity (because of the world shortage of Verdi voices) and by choice and temperament, Karajan now makes the singers "functionally little different from members of the orchestra"—except that on the new *Aida* the disastrous Mirella Freni, the suave but lightweight Carreras, even the vibrantly communicative Agnes Baltsa regularly disappear, at climaxes, behind an absurdly over-favoured orchestra. These are small craft hopelessly becalmed on a Sargasso Sea of nerveless rhythm, statuesque tempo, and sound-quality spectacular but essentially unmusical.

In *Falstaff* the distinct character of the veteran Giuseppe Taddei in the title role (too jokey, too easily reliant on "funny voices," for my taste), Rolando Panerai's Ford (still impressively sturdy) and Piero di Palma's salty Bardolph serves most of all to highlight the absence of distinct character elsewhere, notably in the pretty-voiced young lovers of Janet Perry and Francisco Araiza. Raina Kabaivanska, a lovely performer in the theatre, is not well heard as Alice on these records; Christa Ludwig's vinegary Quickly shows both a sad decline of voice and a mad miscasting. And again, sound-picture—here the latest in digital techniques —and orchestra dominate and subsume; but *Falstaff* as tone poem with vocal accompaniment is an even less fruitful experience than *Don Carlos* or *Aida*. Karajan continues to exert a baneful influence on the world of opera.

Lyric Studio, Hammersmith

Here's a Funny Thing

Max Miller's reputation for dirt was unfair. His material was full of the kind of jokes that set the public bar in a roar late in the evening, but his genius was for the *doubles ententes* he could put into perfectly harmless phrases. "I've got a fair bit to do in the office," he would say as he left the stage, without giving the words any improper emphasis. We knew what he meant.

John Bardon

John Bardon, a smooth black wig under his white Homburg hat, his vivid pictorial tie overlapping the lapels of his long flowered coat, gives us about half-an-hour of Max Miller's routines after the interval in his show. He tends to rush through the lines a little too fast, so that he isn't always as perfectly audible as Max Miller was, and the gestures look learnt rather than natural. All the same, this is the real stuff, and as Max Miller was the funniest comic I ever heard I enjoyed hearing Mr. Bardon doing it.

The first half of the evening is a different thing. Here Mr. Bardon, in black hat and pin-stripe suit, gives an account of Max Miller's life that, with the collaboration of a very active pianist, lasts for almost an hour. Not many jokes in this half (and one of them I have always attributed to George Robey) and not much interest either, for Max Miller's life was singularly uneventful. Service in the Army in the first world war, a happy marriage and a conventional ascent up the winding ladder of show business (he was originally billed under his real name of Harry Sargent, and did a double act with his wife) — there, with the usual troubles over poverty and managers, you have it. I thought it very tedious. My advice is to bag a seat and then go out to the bar until after the interval.

B. A. YOUNG

Creative Writing Fellowships

The Arts Council has approved grants for eight Creative Writing Fellowships for the academic year 1980-81.

Recipients are Adrian Henri of Liverpool, Tom Wakefield of London, N.5, Colin Greenland of Oxford, Philip Callow who lives in Somerset, Peter Reading from Little Stretton, Shropshire, Jeremy Hooker of Llangwyfron, Aberystwyth, Jack Winter, a Canadian now living in Lavenham, Suffolk and Dick Davis of Aylsham, Norfolk.

The renewal is to Glyn Hughes, who has been re-appointed Creative Writing Fellow at Bishop Grosseteste College, Lincoln, for a further year.

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The limits to Soviet power

THE DEGREE to which Soviet military involvement in Afghanistan served to discourage the Soviet leadership from similar military intervention in Poland was, and remains, a moot point. But the damage done to the Soviet Union's reputation in Moslem and other third world countries as well as the military and economic cost of its Afghan adventure, all appear to be greater than the Soviets originally bargained for. This must surely have been a factor in the thinking of both military and political planners as they contemplated the potential short term and even less predictable long-term costs of intervention in Poland.

What the world has seen over the past six months has been an attempt by Poland to rid itself of Soviet-style socialism and replace it with a form of socialism more consonant with Poland's own cultural, historical and political traditions. It has been trying to do this while at the same time explaining to the Soviet Union that Poles acknowledge the realities of Poland's geo-political situation and understand the deep Russian desire for a friendly Poland on its western border.

Relationship

The message which the Poles have been trying to convey is that enforcing the continuance of a Soviet-style socialist system in Poland is neither possible nor conducive to genuinely good relations with the Soviet Union. This is not an easy message for the Soviet leadership to take on board.

The Brezhnev years have been characterised by political and ideological immobilism at home, accompanied by considerable dynamism in the military sphere and by the extension of the Soviet Union's global reach. It must be deeply frustrating for the Soviet leadership to have done so much in this direction only to have to face up to the fact that its enormous military strength is largely irrelevant to the political and economic problems now facing it both at home and abroad.

Furthermore, the Soviets have attempted to portray the U.S.-led grain and technology embargo as a failure. But it can be argued that this aspect of the Afghan invasion aftermath has helped to pursuade the Soviet leadership that it must now face up to the structural shortcomings which make this vast and potentially rich country, dependent on massive imports of grain and weak over a broad field of high technology.

The essence of the Brezhnev strategy, up to now like that of Mr. Gierek in Poland, was to forego the risky and difficult task of fundamental reform aimed at adjusting the system to the requirements of an increasingly urbanised and educated society. It relied instead on imported western technology and grain to plug the most glaring gaps in a system which remained bureaucratic, conservative and non-innovative. The embargo however appears to be leading the Soviet leadership into a re-appraisal of its policies, especially in the agricultural field. Here the Soviet Union now seems willing to embark on the sort of reform which provides greater incentives for farmers, more use of the price mechanism and less political interference.

The motive behind this apparent willingness to contemplate more radical reform than in the past appears to be the strategic desire to reduce Soviet vulnerability to external pressure in future. Whatever the motivation, however, this sign that the Soviet leadership may be coming to terms with the need for changes which promise greater efficiency is important. Reforms which release hitherto suppressed energies and channel them in a productive direction could carry with them the seeds of faster social and political change too. This is the risk which the rigid ideologies in the Soviet party have refused to face for so long, preferring instead a policy of military expansionism abroad and tight controls at home.

Detente

If this analysis is correct, there is at least a chance that events in Poland and Afghanistan may encourage the Soviet Union to look more closely at its own internal problems in future rather than interfere in those of others.

Clearer evidence that this was indeed the case could create the kind of climate within which it would be possible to resume the detente process. This foundered in the late 1970s largely because of Moscow's expansionism abroad and its preference for repression rather than reform at home. A reversal of these priorities would not only make good sense for the Soviet Union, it would also strike a responsive chord in the West.

The future of engineering

THE FINNISTON Report's proposals for the reform of Britain's engineering profession have, after a year of consultation, been reduced to a degree of blandness that will enable the Government to act without provoking much dissent. Thus, when Sir Keith Joseph presents his draft charter for a new Engineering Council towards the end of this month, the outcome is likely to satisfy only those elements in the engineering establishment whose objective in the debate on Finniston was to ensure that as little as possible happens to disturb existing institutions and structures, even where Finniston was most persuasive about the need for radical changes.

Employers

The non-statutory Engineering Council which is to be set up to oversee engineering training and to promote the development of an "engineering culture" in British industry and education, is a very different animal from the statutory body recommended by Finniston. The crucial difference is not so much the new body's legal status, or its membership; the Government seems, rightly, to favour very strong representation for engineering employers. The main problem will be its relationship with the existing Council of Engineering Institutions, which represents the 16 self-governing bodies of professional engineers and is entirely outside the control of government.

The CEI seems at present to have no intention of giving up its power of conferring the title of Chartered Engineer, although one of its constituent bodies, the Institution of Electrical Engineers, did at one time favour statutory engineering registration. Given that the "C.Eng." is to continue as the main professional qualification and that the proposed Engineering Council will have no powers to over-ride the CEI, the new body will be hamstrung in its attempts to reform education and training. Since educational reform is supposed to be the Council's main reason for existence, there is a strong danger that it will turn rapidly into yet another impotent quango in search of a purpose.

Assuming that this is not the Government's deliberate intention and that Ministers do share the concern about Britain's traditional methods of training engineers voiced in the Finniston Report, the establishment of the Engineering Council will have to be seen as the beginning, rather than the end, of a process of reform. If it is not prepared to use law, the Government could use more forceful persuasion in order to transfer authority for engineering qualifications to the new Council.

The Finniston Report argued persuasively that the relative informality of the system of engineering-qualifications in Britain is connected with the low pay and low status of engineers in British industry—a problem which the engineering institutions should be seeking to eradicate. It is also plausible that a stronger body for administering professional qualifications would be able to influence the development of university courses towards the emphasis on practical technology which is at present lacking in the British educational system.

Unpopularity

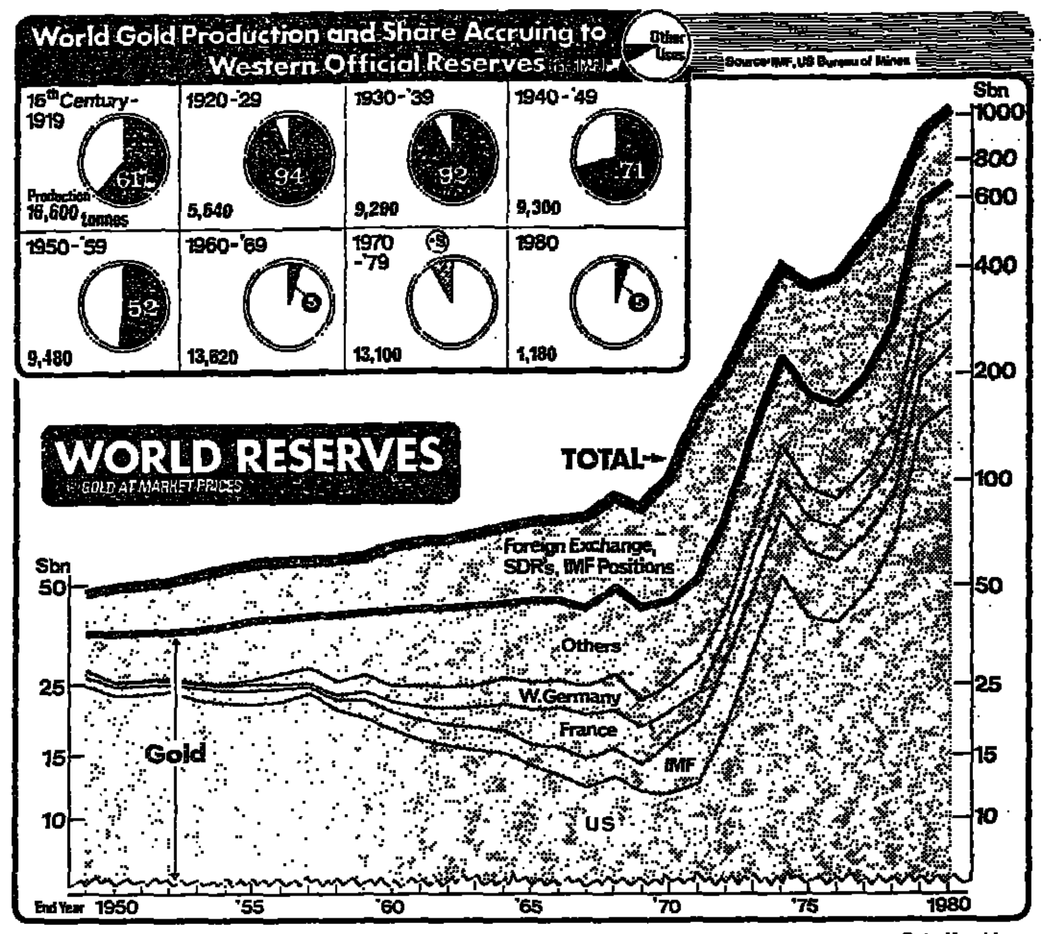
Employers could and should play the most important part of all in promoting the revival of an engineering culture in Britain. It is, in the long run, the attitude of employers to their own engineers that determines the status which engineers enjoy in society. The fact that engineers have long been underpaid in Britain and that they have fallen behind even further during the past fifteen years is both an explanation and a result of the unpopularity of engineering as a vocation among the brightest young people in Britain.

The fact that the influence of employers on the content of engineering education has (with some notable exceptions) been meagre) is both a cause and a consequence of the excessively academic approach to engineering in Britain. If employers want engineers of higher quality and with skills more relevant to their needs, they will have to give clearer signals in the labour market.

RESERVE ROLE REVIVES

The Third World's gold rush

By David Marsh



Bob Hutchison

AFTER years of watching from the ringside, gold has been hauled back into the international monetary fray—and it is beginning to look as though the old champion never hung up his gloves after all.

The fickle crowd of Western central banks and governments, far from having spurned the metal during the 1970s, is now shamelessly sporting the extra financial muscle derived from the greatly increased value of their gold reserves.

They have been joined by a jostling collection of latecomers from the oil states and other developing countries, seeking to ape the old-established central banks of Europe and North America by sinking some of their new-found currency reserves into bullion.

Roughly two dozen central banks and government organisations from developing nations and the Communist bloc are now participating on the bullion market. The activities of the "new bourgeois" of the central banks—as one prominent London bullion banker calls them—have become a major influence on the gold price.

The extent of these countries' operations varies greatly, and is normally kept as secret as possible. Some are simply accumulators. Buying by Third World central banks has given important support to the price at around the $550 per ounce level during the metal's relatively weak phase of the past few months.

Other more sophisticated countries have become out-and-out traders, making speculative profits (and losses) from both buying and selling.

The main result of the large net purchases by the Third World is that the total volume of international gold reserves rose during 1980 for the first time since 1972. At least for 1980, this trend marks a reversion to the first seven decades of this century in which central banks (mostly in the West) were almost continuous net buyers.

Back in 1973, when gold's monetary role was officially on the way out, the canniest bullion operator of them all, the Bank for International Settlements in Basle, came to the defence of the metal with the characteristically coy statement: "Meanwhile, down in the vaults, gold remains unused—but not unloved."

Eight years—and a five-fold price jump—later, gold is now being actively courted, if not fought over.

The major reserve holders, it is true, are not selling. Indeed the decisions by the U.S. and the International Monetary Fund—the main sellers of the past few years—to halt disposal of their stocks has been a significant prop for the price over the past year or so.

But gold is certainly being "used" in the sense that many industrialised and developing countries are now deploying their gold, either explicitly or informally, as collateral to increase their borrowing capacity.

Several have also become adept at turning gold into an interest-bearing asset by lending out part of their stocks to other banks or industrial users.

Two principal questions will have to be left for history to answer. It remains to be seen whether the enormous expansion of world monetary reserves (shown in the chart) caused by the gold price explosion will give a lasting boost to inflation.

It may also turn out that the Third World countries which bought gold at the high prices of the past year or so have made an expensive mistake. With the bullion price now drifting in the $550 to $600 per ounce range compared wit hthe peak of $850 a year ago, the alternative of dollar deposits yielding 20 per cent is looking increasingly attractive.

Long-term holders can sit tight and smile

West Germany, France and the other European countries which acquired much of their gold during the 1950s and 1960s at the bargain level of $35 per ounce, can of course afford to sit tight and smile.

The exact extent of gold purchases last year is difficult to determine. IMF figures show that the volume of world gold reserves (including the Fund's own stocks, but excluding those of the Soviet bloc and China) increased by about 60 tonnes last year after an average decline of 200 tonnes a year during 1973-79.

Last year's increase includes the sale of 140 tonnes by Canada and the Fund itself (which re-distributed some gold to member countries at the start of the year, and also continued its monthly auction sales until May). It also includes an increase of 67 tonnes in South Africa's gold reserves, mainly representing retained production.

But it takes no account of substantial purchases of gold by countries in the Middle East and elsewhere which do not report their full reserve holdings to the Fund.

So total developing country purchases last year were clearly much higher than indicated by the Fund figures—maybe more than 200 tonnes (worth over $4bn). It is believed that about half a dozen developing nations from OPEC and elsewhere during the past year bought about 100 tonnes of the metal through Dresdner Bank alone.

The official gold purchasers can be split into five main categories:

OPEC: Indonesia publicly bought about 50 tonnes of gold worth over $1bn during 1980. Iran and Iraq (where bullion holdings have been a state secret since 1977) have also been significant purchasers—although Iran has sold some since the outbreak of the Middle East war.

The freezing in November 1979 of 50 tonnes of Iranian gold in the New York Federal Reserve Bank—now released as part of the hostage deal—led Tehran last year to bring home as a precautionary measure large stocks of gold held in the UK and Switzerland.

Libya, Nigeria and—probably—Kuwait and Abu Dhabi have also made official purchases. There are no conclusive reports, however, of official buying by Saudi Arabia.

SOUTH EAST ASIA: The authorities in Singapore and Malaysia are reported to have become more important as gold traders. The Philippines Central Bank has also been increasing its gold reserves through purchases from local mines.

LATIN AMERICA: Bolivia, Brazil, Chile, Colombia, Mexico, Peru and Uruguay all acquired gold last year, through channels other than IMF distributions. In the case of Colombia, and perhaps Brazil and Chile, this partly represents accruals of domestic gold output.

EASTERN EUROPE: Government banks in Bulgaria, Czechoslovakia, Hungary, Poland and Romania are all believed to trade—to varying extents—on both the gold and silver markets. Many are active on the forward market. Hungary is particularly adept at making profits from precious metals operations.

THE BIG PRODUCERS: The Soviet Union (the world's second biggest producer after South Africa) and China (which could soon be number 3) carry out both buying and selling operations through their trading banks, the Wozchod Bank and the Bank of China. Both countries also undoubtedly added large quantities to their reserves last year.

The American action to block Iranian gold has made several countries sensitive about holding their gold abroad. As Mr. Michael McWilliam, chairman of London bullion house Mocatta and Goldsmid, put it: "It's not only what you hold that matters—but where you hold it."

Apart from Iran, other OPEC states, including Indonesia, Libya, Iraq and Kuwait, have repatriated large amounts of gold reserves from the UK and Switzerland during the past 12 months. The Iraqi withdrawals, however, started before the November 1979 asset freeze.

Some OPEC states, including Saudi Arabia, had already during the last few years brought home gold from the New York Fed.

The OPEC gold transfers have a celebrated precedent. At the height of the Franco-U.S. gold controversy in 1965, President de Gaulle ordered French bullion holdings in New York and at the Bank of England to be brought home for safekeeping.

Countries are using their reserves as collateral

New York is, however, still a major gold depository for most EEC countries. West Germany, the second largest gold holder after the U.S., keeps practically no gold domestically—just over half is in New York, with just under half at the Bank of England.

The rising price of gold has awakened many central banks to the possibility of using their holdings to help back foreign loans.

"To say that central banks' gold reserves are immobilised," says Mr. Rodney Leach, director of the Republic National Bank-Trade Development Bank group, "is pure fiction."

Gold does not necessarily have to be pledged formally. The view of the Bank for International Settlements is that the main gold-owning countries are implicitly using their reserves as collateral whenever they raise loans from abroad (as France and West Germany are doing, in particular).

The mechanism within the European Monetary System, under which EEC countries turn part of their gold holdings into transferable currency assets, is all part of this effective use of gold.

Apart from the well-publicised uses of gold for collateral by Italy, Portugal and South Africa during the 1970s, several dozen other countries, mainly from the developing world, are believed to use their gold in this way from time to time.

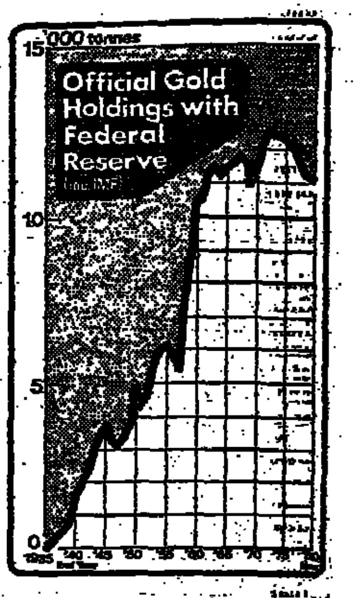
The practice of using gold as collateral is particularly common in New York (see box) and Zurich. The banks do not generally publicise such deals—other banks might complain if some creditors are seen as getting better security.

Despite the obvious increase in the monetary importance of gold, any official attempts to control the price seem unlikely. Dr. Fritz Leutwiler, the president of the Swiss National Bank, suggested over a year ago that central banks might try to steady the gold price by selling at the peaks and buying at the troughs.

He received some support from the Dutch, but a frosty response from the U.S. and West Germany—while the Banque de France made clear that it was interested only in buying.

FED'S BULLION MOVEMENTS

Changes in central banks' gold stocks in New York	(Tonnes)
1979	
Additions BIS	7.7
Mexico	8.5
Philippines, Peru	1.9
Withdrawals BIS	12.2
Austria	5.5
Zaire	1.5
Brazil	1.0
Sudan	0.5
Panama, Liberia	0.2
1980 Jan.-April	
Additions Mexico	2.0
Philippines	1.6
Withdrawals Austria	8.7
El Salvador	8.1
Philippines	3.5
Brazil	2.1
Canada	0.9
Bahamas, Sudan	0.5
Jamaica	0.4
Liberia	0.2



THE VAULTS of the New York Fed contain about 40 per cent of the world's gold reserves other than those of the U.S. itself (which are kept mainly at Fort Knox). Stocks have fallen since the early 1970s—mainly because of IMF sales from its stocks there, but also representing withdrawals by central banks. The table of gold movements shows that several countries in precarious financial positions, led by El Salvador, have been withdrawing gold from the Fed either to sell outright or to use as collateral for loans. (The Austrian and BIS movements represent technical gold "swaps".)

MEN AND MATTERS

From Whitehall to ivory tower

The white smoke has gone up at St. Catherine's College, Oxford, to announce the election of a second Master to succeed Lord Bullock. The man is affable Sir Patrick Nairne, who retires this summer as permanent secretary at the Department of Health and Social Security.

How does Nairne feel about swapping his bowler hat for a mortar board? "I have to be out of Whitehall whether I like it or not," he replies good-humouredly. Inevitably, there must be a tinge of regret at leaving the Whitehall machine which he has so efficiently mastered since joining it in 1947. But it is, he observes, "a 24-hour life. I wouldn't mind if the pressure got a little bit less."

Nairne is, like Bullock, an historian. He returned from war service to take a first-class degree in Modern History at University College, and on graduation joined the Admiralty as one of a gilded generation which entered the Civil Service soon after the war. His cohort includes former Cabinet secretary Sir John Hunt, Home Civil Service Head Sir Ian Bancroft, Diplomatic Service Head Sir Michael Palliser, Treasury Permanent Secretary Sir Douglass Wass, and Defence Permanent Secretary Sir Frank Cooper.

Nairne moved from the Admiralty to the Defence Ministry, joined the Cabinet Office in 1970 charged with responsibility for EEC matters, and joined the DHSS as Permanent Secretary in 1975.

St. Cat's should leave the new Master a little more time to paint, a hobby which he takes seriously. He will be far more than a figurehead, however, taking the lead in collegiate administrative matters. He is anxious, he says, that colleges "should not be too wrapped up in themselves. A big college with many fellows has got a contribution to make in technical and industrial fields."

"Is there an actor in the house?"

First lady

The most august of men-only clubs was liberated yesterday as the "Immortals" of the French Academy ceremoniously made way for the first woman member in its 346-year history. Watched by President Giscard and 450 other privileged guests, Marguerite Yourcenar, 77-year-old novelist and essayist, took her seat next to 39 men under the dome of the Institut de France.

Four seats for women were proposed as long ago as 1760. But it was 133 years before the first woman candidate was put up—and swiftly turned down. Mme Yourcenar — a near anagram of her real name, Crayencour—only just qualified by reverting from American to French citizenship at the beginning of last year.

The only real obstacle after that seems to have been a typically old-fashioned concern with what she should wear for the occasion. Designers have been wracking their brains to find a feminine equivalent of the Academicians' green-braided, black uniform with cape and sword.

But Mme Yourcenar announced firmly that she would come in her own clothes, an Yves St. Laurent outfit of black velvet skirt, white jacket and shawl. It was the first dress innovation since artist Edouard Detaille, brought in the black cape in 1892.

Recognising that some very famous men of letters like Balzac, Dumas and Baudelaire had failed to get into the Academy, Mme Yourcenar suggested it would be wrong to describe it as a haven of misogynists.

"It has simply conformed to custom," she said, "which has always been ready to place womankind on a pedestal but has not until now been prepared to offer her a seat."

Down your way

While the future of Times Newspapers has been seizing more national interest, another arm of the Thomson group these past few weeks has been pushing ahead with a major new publishing venture.

Thomson Directories next week brings out the third of its glossy-backed, comprehensive guides to local business and community services — this time in Kingston.

In Bournemouth and Bradford, the ready-reference directories to a range of everyday consumer needs, as well as facilities for more esoteric pursuits like acupuncture and croquet, have already been distributed to every household.

With the ending of Thomson Yellow Pages contract with the Post Office, the organisation's 700 staff have now been switched to the £15m project, being undertaken jointly with Dun and Bradstreet.

Managing director Robin Eyres told me: "The pilot issues have gone extremely well—and now that we can channel all our efforts into the project we should achieve our target of publishing 200 of the 'locals' by the end of 1982.

"We have come safely through a difficult year in which we had to plan the project while still fulfilling our obligations to the Post Office."

Tied to well-defined market areas of a five-10 mile radius, the directories are planned to reach 80 per cent of the country's population. They will be revised every year.

Packing so much information into the pages has caused few problems, though the directories are being printed in Holland as well as England.

But there was one slight hiccup in Bournemouth where an irate gentleman 'phoned Thomson to protest angrily that his address had been given as that of the Schizophrenia Association.

"I think," replied the Thomson staff man who took the call, "I had better ring you back when you are in a different frame of mind."

Clocking in

I noted recently that canny German banks are thought to have profited from the earlier opening hours of the London Stock Exchange to offload U.S. stocks before Wall Street woke up to find that Joseph Granville was taking it for a tumble. Sheppards and Chase technical and options analyst Richard Schuster now notes that at least one nifty operator used the European Options Exchange in Amsterdam to a similar end. The punter switched his cash out of buy options into sell options while the American markets were closed, thereby boosting EOE U.S. options business to 634 contracts on January 8 compared with a daily average of 125.

Out of pocket

"I know money talks, old boy, but all it ever says to me these days is Good-bye."

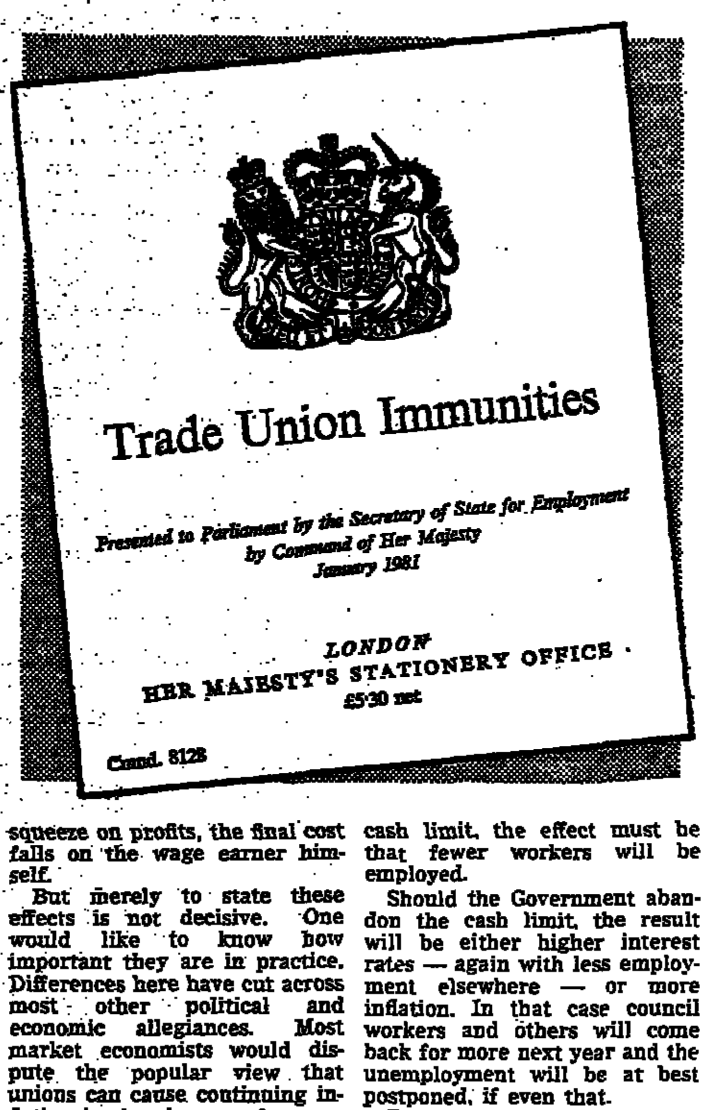
Observer

ECONOMIC VIEWPOINT

A union Green Paper the colour of mud

WHEN Mr. James Prior was asked at an unreported gathering in London what he thought of Professor Friedrich Hayek's last Institute of of Economic Affairs booklet, which blamed unemployment and other economic difficulties on union power, he is said to have replied that he did not read that sort of thing. This was in sharp contrast to Mr. Frank Chapple of the Electrical Trades Union, who has bothered to give the professor a brief—and politically, if not economically—telling reply.

This episode shows in a nutshell what is wrong with the Green Paper on Trade Union Immunities. It is written entirely from the point of view of industrial relations experts and lawyers, with no analysis at all of the economic issues.



Trade Union Immunities

Presented to Parliament by the Secretary of State for Employment by Command of Her Majesty January 1981

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Nowhere does the Green Paper point out that "freedom to continue to withdraw labour"—or what others call "collective bargaining under the strike threat"—is a use of monopoly power. The effect is similar to that of a business price ring which raises prices at the expense of sales volume. In the union case, it is wages, at the expense of employment.

Nor can it be a matter of serious dispute that gains from the use of the strike threat are made at the expense of other workers, or people on benefit, rather than capitalists. This must be so when about half of trade unionists work for public enterprise, when half of the equity holdings in the remainder are held by pensions funds and when profit margins are so miniscule as to worry even the TUC.

The economic analysis of restrictive practices has made less progress than that of pure monopoly power. The main effect is that the return to new investment and new techniques becomes more uncertain so that less innovation takes place; and as there is a limit to the possible squeeze on profits, the final cost falls on the wage earner himself.

But merely to state these effects is not decisive. One would like to know how important they are in practice. Differences here have cut across most other political and economic allegiances. Most market economists would dispute the popular view that unions can cause continuing inflation in the absence of accommodating fiscal and monetary policies. The possible adverse effect is on employment.

Recently local authority manual workers were awarded a 7½ per cent rise, the actual cost of which may be nearer 9 per cent. If the Government really sticks to its stated 6 per cent cash limit, the effect must be that fewer workers will be employed.

Should the Government abandon the cash limit, the result will be either higher interest rates — again with less employment elsewhere — or more inflation. In that case council workers and others will come back for more next year and the unemployment will be at best postponed, if even that.

But how large are such union-type effects on the overall unemployment figures? Do they account for all, some, or a very little of the rise in the unemployment average from less than 400,000 up to the middle 1960s to 2m to 3m today?

Mr. Chapple remarks (in the January 1981 IEA Journal of Economic Affairs) that the standard of living as well as of personal freedom in the advanced industrial democracies where unions flourish is much higher than under Communist, Latin American, or South-East Asian regimes, where they are suppressed. But he does not quite allay the fear that labour market monopoly has something to do with the ominous upward creep of unemployment (and inflationary government response) in those very same democracies, which threatens the achievements which Mr. Chapple so rightly values.

At one extreme is the view expressed by people as politically diverse as Professor Hayek, Mr. Peter Jay and — more implicitly — by Professor James Meade that with present monopoly power in the labour market, the economic system can only balance with many millions of people out of work. At the other extreme some Friedmanites think that the main effect of unions is to force workers out of highly unionised industries and into inferior employment, but with little effect on the overall aggregates.

An intermediate position is that union monopoly does harm mainly when it is face to face with employer monopoly, which is mostly in the state sector.

Views about remedies differ drastically even among those who agree on diagnosis. Professor Hayek would like to withdraw the immunities which make strike threat action feasible. Mr. Jay would like to substitute a socialist market economy based on workers' co-ops for the whole wage relation. Professor Meade believes in using something that he calls an incomes policy—but which is very different from anything we have previously had under this name—to enforce wage settlements near the market-clearing rate.

The case for either such draconian diagnosis or cure is on present evidence neither proven nor disproven. Before resorting to remedies which require a political upheaval followed by an incubation period of perhaps 10 years, it would be better to investigate how much could be done by reform which would reduce, but not destroy union monopoly power, in a framework of firm control over total spending which employers and unionists would know about in advance.

Of course, the Green Paper could not have been definitive in areas where knowledge is so sparse. But an honest inquirer not knowing of the Department of Employment, might have expected a joint analysis by industrial lawyers and economists of the possible economic effects of proposed changes in the law.

On the closed shop, there is no need for agnosticism. The threat that "unless you do X you will lose your union card and never work in this industry again" has no place in a free society: and is one on which it is unreasonable to compromise. But I am still not further forward on the likely effects on output, production, employment or relative prices of either outlawing or restricting the closed shop.

There are some other issues on which the layman in industrial law and custom would be impertinent to express an opinion. To take a few examples at random: what changes if any should be made in the immunity of trade union funds from civil action? What are the pros and cons of making labour contracts legally enforceable unless the parties decide they should not be as distinct from doing it the other way round as at present? How exactly should the law on picketing be stated?

Certainly economic effects are not the only ones to consider in answering such questions. They often involve matters of human rights as well. But with nothing at all on economic effects, and very little on the rights aspect, the Green Paper gives one no basis at all for evaluating the changes discussed. It should either be withdrawn or Parliament should insist on a second volume analysing the wider issues. As at present drafted it should have come out not in a green cover but in one the colour of mud.

Worry about 1982 Budget

THE BIG danger of rekindling inflation as a result of panic fiscal reaction to high unemployment figures does not lie in this year's Budget but in action next winter and in 1982 and 1983.

The temptation to over-stimulate always comes when the economy has already begun to turn up, but politicians do not believe this because unemployment, which is a badly lagging indicator, has failed to turn or is even still rising. It is then—with an election usually approaching—that political confidence in self-adjusting forces is at its weakest.

Too late it is discovered that the stimulus was simply overheating the economy and adding to inflationary pressures, and has not even prevented those responsible from going into Opposition.

During the last Conservative Government the really big perverse fiscal stimulus was given not in the spring of 1971, which corresponds roughly to now, but in 1972 and 1973. During the last Labour Government the really bad perverse Budget stimulus was also very late, in 1978.

The best present guess for the 1981-82 public sector borrowing requirement is £10bn to £11bn—give or take a good £3bn—and assuming full indexation of both specific duties and personal allowances. This is quite tight enough for the bottom of the recession; and I would gladly trade a little extra laxity now for a tighter stance in 1982-83 and in 1983-84.

There is an ample personal sector savings surplus to be tapped which should enable the Government to more-than-finance its borrowing without any increase in the personal tax burden, provided it resists the siren calls to provide too much "help for industry," which is more likely to turn into "finance for wage increases."

But as a last resort something like compulsory purchases of Granny Bonds, repayable as oil revenues build up, would be much better than increases in consumer taxes which add unnecessarily to inflationary expectations or a rise in the real tax thresholds which — apart from hitting hardest the least well off — would also worsen the poverty trap and aggravate the "why work?" syndrome.

The need for tightness is much greater on the monetary than on the fiscal front. At least a start must be made in mopping up the excess monetary assets, created at a rate of 17 to 23 per cent per annum in the last ten months, which are a time bomb for the future. Success in tapping personal savings is highly relevant to getting back on the monetary path as well as to financing the Budget.

PSBR ARITHMETIC

Original target as per cent of (market price) GDP	3%
Approx. money equivalent	£7½bn
Target after adjusting "for automatic consequences of GDP being lower than expected"	£10½bn
Best present guess (with indexation of allowances and duties)	£10bn-£11bn
Average margin of error	£3½bn
Best guess for 1980-81	£12bn-£13bn

The heavies are slow to forgive

WHEN Sir Harold Wilson, who had originally been the nominee of the Left became Leader of the Labour Party, he said he felt like Lenin in charge of a Menshevik Cabinet. (The Mensheviks were the leading opponents of the Bolsheviks in the Soviet Communist Party.)

Despite the last Cabinet shuffle, parliamentary wits are making similar remarks about the preponderance of Heathites, Menshiviks and trimmers in general in Mrs. Thatcher's Government, six years after she took over as party leader.

The real harm is not done by frank dissentients such as Sir Ian Gilmour, or irreverent ones, such as Mr. St. John Stevas. It is done by the safe heavy men such as the Home Secretary or the Chief Whip who would not be seen dead near a theoretical speech, but take a keen interest in appointments and in particular in blocking anyone controversial, "opinionated," colourful, or merely too keen on Mrs. Thatcher's own economic policies.

Take the case of the treatment of Mr. Jock Bruce-Gardyne. Two years ago he wrote an article pointing out that the Conservatives needed to be more specific about controlling Government spending and making a few suggestions. Was that wrong? His sin, of course, was to have been right, for which the safe, heavy men have not forgiven him.

Samuel Brittan

Letters to the Editor

Risk-reward ratios

From the Director for Smaller Firms, Confederation of British Industry.

Sir, — Recent correspondence in your columns has concentrated on how the supply of institutional finance to smaller firms might be improved and, in particular, whether there is a need for a government-backed loan guarantee scheme for smaller firms.

I share, along with your other correspondents, a conviction that the birth and growth of many more smaller firms, particularly those involved in high technology areas and in developing new products and processes, is vital for our economic success. If Britain is to survive as a competitive trading nation we must be capable of responding quickly to changing markets and new methods of production; smaller firms can and must play an important role in this process.

However, I do question the assumption that a problem is caused by an overall shortage of funds available for investment, and that the solution lies in simply expanding lending to the smaller firms sector. Many smaller firms already have more bank borrowings, relative to the size of their assets, than larger firms do and simply to increase their dependence on loan finance could exacerbate their financial difficulty given a sudden upsurge in interest rates.

I believe that what is needed most of all is an increase in the supply of equity capital to new and smaller companies. For some time now the Confederation of British Industry has shared my concern that equity investment in these types of companies has become relatively unattractive. Individuals have been drawn towards more secure forms of saving — for example, government stocks, house purchase, pension and life assurance funds — many of which offer substantial tax inducements while guaranteeing a reasonable rate of return. The high risks and high overhead costs associated with investment in new and smaller companies have also limited the amount of equity available from institutional sources.

In recent months the CBI has been looking at ways in which tax incentives might be used to increase the potential reward, for both the personal and institutional investor, of equity investment in small companies, so that it more nearly matches the risk that is taken. It is only by improving the risk-reward ratio associated with investment in smaller companies, that long-term funds will become more readily available.

In addition, the CBI has been looking in detail at how small firms investment companies, along the lines of those recommended by the interim report of the Wilson Committee, could be encouraged to develop as a means of channelling equity investment into smaller companies. For the institutional investor, in particular, SFICs would offer a spread of risk and a pooling of overhead costs which might substantially increase the attractiveness of this form of investment. These are just two ways in which I believe the supply of risk finance to new and smaller companies can be improved.

Sonia Elkin,
CBI, Centre Point,
103, New Oxford Street, WC1.

Dynamic small enterprises

From the Chairman, Taxation Committee, Association of Independent Businesses

Sir,—While one may readily agree with Mr. Whiting (January 12) that small businesses would benefit from a certain, simple stable framework of taxation and commercial law, that need not lead to agreement with the solutions he proposed.

The combination of income tax and employees national insurance contribution and an increase in income tax would generate high marginal personal tax rates that reduce work incentives and encourage the growth of the informal economy. Small firms are relatively labour intensive and frequently find themselves competing with the informal economy.

The abolition of both the small profits rate of corporation tax and the employer's national insurance contribution implies a similar shift in compay taxation from indirect to direct taxation. The incentive to business growth would be reduced because corporation tax falls most heavily on the efficient company and prevents if from growing as it might. On the other hand, an inefficient company pays little corporation tax and is in effect subsidised. Corporation tax thus inhibits the introduction of efficient methods and the allocation of resources to more economically desirable activities, yet these are widely accepted needs of the British economy.

Lest anyone complains that few companies are paying corporation tax anyway, please remember that the debate is about a taxation system, not the present UK fiscal regime with its complex and frequently overlapping reliefs.

A tax on undistributed net profits should have no place in an economy where development of dynamic small enterprises is to be stimulated.

D. R. E. Jellis-Baldock.
Trowbray House.
108, Weston Street, SE1

The real 'real interest rate'

From Mr. K. Suggett

Sir,—Mr. Anthony Harris's article (January 20) on "The real 'real interest rate'," is, in my opinion, unduly biased (to the detriment of his teeth and hair!). I would suggest that his views would gain greater respect if he had at least shown something of the other side of the coin.

To take only one point in this regard, it should be realised that it is the taxpayer who in effect (due to reduced receipts by the Government from corporation tax) bears over 50 per cent of the cost of a company's interest charge. Interest is allowable as an expense against profits for the 52 per cent charge for corporation tax. Even if a company at present is unfortunately incurring a tax loss, such tax loss can be carried forward to be allowed against future profits. If the company cannot visualise any future profits, the sooner the company closes down the better!

Mr. Harris's statement that the average manufacturer is facing a real interest rate of over 10 per cent should, in fairness to Mrs. Thatcher's six months rate of inflation of 8.4 per cent, indicate how much the manufacturers have to bear ultimately by way of net interest, and how much the taxpayer bears—given that there are some exceptions to generalities on both sides of the coin.

Kenneth F. Suggett.
The Spinney,
White Knight's Road,
St. George's Hill,
Weybridge,
Surrey.

Visible surplus

From Mr. J. Bourlet

Sir,—Peter Riddell (January 19) in the article headed "£51m visible surplus with EEC" points out that this good news may be largely due to the recession being deeper here than on the Continent and suggests that it may change on restocking during late 1981. He may be wrong on both counts because little detail was given in the table on Britain's oil exports.

Oil exports to the rest of the EEC rose from £2.6bn in 1979 to just over £4bn (estimate based on Department of Trade figure of £3.7bn for January-November 1980) in 1980. Other exports to the EEC during 1980 amounted to £16.8bn—and they were much the same in 1979.

Our trade surplus of £51m for 1980 would have been a deficit of nearly £4bn without oil. This is surely the main factor explaining the "surplus." Furthermore, if next year oil exports to the EEC rise to around £6bn, we are likely to continue in surplus even if substantial restocking takes place.

To give a little further perspective to the figures we might consider the much-vaunted trade deficit with Japan of £1.1bn for 1980—a sum which could be conveniently eradicated if we sold one-quarter of the oil that we sell to the EEC to Japan instead!

James Y. Bourlet.
City of London Polytechnic,
84, Moorgate, E.C.2.

Overseas trade

From Mr. A. Horsnail

Sir,—Your leader writer (January 17), putting aside North Sea oil, is surprised that the UK overseas trade account is so much improved in spite of higher sterling.

There are several factors improving export trade nowadays which tend to minimise the high sterling factor. Most recently, for example, the termination of exchange controls in November 1980 means that we are able to arrange foreign currency invoicing or financing, "cover forward" or not, according to circumstances, without any official intervention.

These freedoms, allied to the special foreign currency cover schemes, introduced by the Export Credits Guarantee Department in 1976 and 1977, have been of great help to capital goods exporters with long "lead" times and overseas finance periods. They help to explain some of the recent sector shifts in overseas trade.

Export prices, of course, are not the most important competitive factor in many cases. Realistic delivery dates and service, all helped by the absence of industrial strikes nowadays, are just as important.

Some UK exporters are finding it hard to sustain profit margins. High sterling is undoubtedly a problem for some companies. I respectfully suggest, nevertheless, that there are gains to be made from a careful study of foreign exchange techniques.

A. G. Horsnail.
P.O. Box 548,
Copthall Close, EC2

Petrol by the litre

From Mr. M. Derwent.

Sir,—Doubts are being expressed over the forthcoming change to litres in retail sales of petrol even though wholesale transactions are already in litres and items such as engine capacities are quoted in the metric units rather than in, say, quarts or gills or pints or gallons. Imagine the reaction to saying "I run an Austin Princess with the four pint engine."

One doubt arises from the awkward looking conversion factor — approximately 4.546 litres to a gallon. But the factor does not enter into daily retail sales and even if other needs arose the fraction 50/11 could be used instead with great ease and no material loss of accuracy: much as the pupil used 22/7 in place of pi.

A second doubt is that any unscrupulous retailers might overcharge unwary motorists or those bemused by the change to litres. But a litre price can quickly be compared at the pump with the old gallon price by dividing first by 2 and then by 11. Thus 33 per litre becomes 165 and so 150 per gallon (common sense substituting for meticulous decimal-pointing).

Our friends in the U.S. are less fortunate as they must divide successively by 3, 8 and 11 to allow for their gallon being so much smaller than ours. They can still count themselves lucky however that it is not their other (dry) gallon involved as this would call for mental division by 227.

Prices will of course have to be watched with care as "petrol up fivepence" will be very much more severe with litres.

Prices for Organisation of Petroleum Exporting Countries' crude are now to be between 32 and 42 dollars per barrel but the relation to petrol prices at the pump is obscure. Before working out comparable figures for crude and refined products one has to ask "which barrel?" and to a lesser degree "which dollar?". The ambiguities and lack of comparability ought to be avoided by quoting all commodities in the pence per litre form which will appear at our pumps.

In round figures and with various assumptions on account of these unitary ambiguities, the OPEC crude oil prices of between 8p and 11p per litre are to be compared with current retail prices for refined petrol of 14p per litre in the U.S. and 29p per litre in Britain.

Mark Derwent.
70, London Road,
Liphook, Hants.

Today's Events

GENERAL

UK: Mr. Gordon Richardson, Governor of the Bank of England, gives some reflections in the wake of the Wilson Report (Stockton lecture), London Business School.

Financial Times conference on the Euromarkets in 1981 concludes.

Overseas: Financial Times conference on India as a world trading partner concludes, Delhi.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Welsh Affairs, Motions on Northern Ireland Consolidation Orders on Firearms, Clean Air and Road Traffic and on Orders on Road Traffic (Consequential Amendments), Leasehold (Enlargement and Extension), Housing and Building Societies.

House of Lords: Town and Country Planning (Minerals) Bill. Debate on the report of the European Communities Committee on the European Social Fund.

Select committees: Agriculture, Subject: Animal welfare in poultry, pig and veal calf production. Witnesses: NFU (England, Wales, Scotland and Ulster) (Room 16, 11 am). Home Affairs: Race Relations and Immigration sub-committee. Subject: Racial Disadvantage. Witnesses: Mr. T. Jupp, National Industrial Language Training Centre. (Room 15, 4.30 pm).

OFFICIAL STATISTICS

Central Statistical Office issues fourth quarter first preliminary estimate of consumers' expenditure.

COMPANY RESULTS

Final dividends: Derby Trust, Gestetner Holdings, Lincroft Kilgour Group, Y. J. Lovell Holdings, Rank Organisation, R. Smallshaw Knitwear, Tate and Lyle, United States and General Trust Corporation, Watson and Philip, Whatlings. **Interim dividends:** W. G. Allen and Sons (Tipton). David S. Smith Holdings. **Interim figures:** Samuel Heath and Sons.

COMPANY MEETINGS

Boots, Nottingham, 3. Caravans International, Great Eastern Hotel, Liverpool Street, EC, 12. Crystalate, Great Eastern Hotel, Liverpool Street, EC, 12. Dundee and London Investment Trust, Royal Exchange, Dundee, 12. United Wire Group, Granton Park Avenue, Edinburgh, 10.

THF slips to £66m but dividend up: 50% scrip

Profits before tax of the **Trusthouse Forte**, hotel, catering and leisure group are down slightly from £68.2m to £66m in the year ended October 31, 1980 but the directors are lifting the dividend *from 5p to 9p with a 6.75p final* and are also proposing a one-for-two scrip issue.

Despite the profits setback, Sir Charles Forte, executive chairman, *has made it clear that the* group is not budgeting for another drop in profits in the current year.

The quality of assets and the strong balance sheet has encouraged the board to look forward with optimism.

Over the past year, occupancy at the group's London hotels dropped by some 5 per cent. Hardest hit were the five star hotels with fewer U.S. visitors but despite the downturn, Sir Charles claimed the group had still managed an increase in its market share.

There had also been a drop in European visitors but *increases from the Far East and* Scandinavia. Hotel revenue in the UK increased by some 9 per *cent but over the period the* group increased its London tariffs by an average of 9 per cent and those outside London by about 12 per cent.

Occupancy now was said to be running on par with the past year.

Trading profit for the year amounted to £82m against £81.6m. The pre-tax profit was after financial charges of £16m (£13.4m).

Stated earnings per share are *23.3p against 20p and 17.9p* (15.4p) on a current cost basis.

Contributions to trading profit comprised UK hotels £44.9m (£45.3m), U.S. hotels £9.9m *(£10.2m), Europe and elsewhere* £7.8m (£7.6m). UK catering £17.3m (£13.8m), U.S. catering loss £1.3m (£0.4m profit). Leisure £4.1m (same), miscellaneous £4.3m (£4.5m), central costs £5m (£4.3m).

Star profit performer last year was the UK catering operations. Sir Charles said the group's Gardner Merchant business had *increased "substantially."*

He added that the group's acquisition of the Blackpool Tower had already attracted bids involving a number of millions of pounds for the tower. One in particular came from a consortium of local interests.

The offers already made have been turned down, but Sir Charles admitted: "If someone wants to pay a good price for it we will sell it. If not we will keep it and be very happy to do so."

If Trusthouse retains the famous Blackpool landmark it is going to have to spend heavily on refurbishment. Total investment needed, according to Sir Charles, will be just under £1m.

The policy of investing for future increases in profits has been maintained, Sir Charles added. During the year, the group spent £95m on additions *and improvements to profit-earning* potential as well as substantial sums on maintenance and *repair of assets.*

The net value of shareholders' *funds which will be shown by* the published balance-sheet has reached £403m (1979: £347m) *and this compares with a loan* capital figure of £188m (£190m).

The group has continued the policy of professional revaluations every year in respect of *a portion of its land and buildings.* As a result of this revaluation, fixed assets increased by *£35m at October 31, 1980.*

All the valuations were made on an open marketing existing use basis and these revaluations continue to underline the strength of the group's real estate asset base.

	1979-80 £m	1978-79 £m
Trading receipts	772.4	721.0
Trading profit	82.0	81.6
Financial charges	16.0	13.4
Profit before tax	66.0	68.2
Tax	16.3	26.3
Net profit	49.7	41.9
Minorities	2.0	1.6
Attributable	47.7	40.3
Extraordinary credit	—	1.1
Ordinary trust divs.	18.7	16.2
Retained	29.0	25.2

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Union Discount profit up

AFTER THE usual provisions for rebate, tax and a transfer to inner reserves, profits of the **Union Discount Company of London** have increased from £2.08m to £3.35m for 1980. *The dividend is being lifted by 15 per cent from 20p per £1 stock unit to 23p with a 14p final.*

The directors say the greatest profit was earned on the holding of commercial bills of exchange which was maintained at a high *level until mid-summer.*

At that stage a change in relative interest rates following removal of the banks' "corset" justified switching part of the *portfolio into sterling certificates* of deposit.

The holding of Treasury Bills increased exceptionally to £350m by the purchase of £100m short bills on the last day of the year as a consequence of easy conditions in the market.

Total current assets at December 31, 1980, were some £1.51bn (£1.23bn) and are stated at the lower of cost or market value. Total resources would permit the group to hold a portfolio in excess of this level in 1981, the directors add.

Stockholders' funds in the balance sheet have been increased to £25.2m, mainly by a *transfer of £5.25m from inner* reserves—the Board is satisfied with the level of inner reserve retained

Lex, Back Page

AGB Research still sees increase for year

As expected, increased profits are reported by **AGB Research**, the consumer and industrial market research group, for the half year ended October 31, 1980. The pre-tax figure is up from £1.19m to £1.46m on turnover *of £14.66m against £13.02m.*

Performance in the second half is holding up well and Mr. B. Audley, chairman, expects the substantial advance in profits forecast at the annual meeting last October, to be achieved. This is despite many companies in the group having to cope with heavy pressure on margins.

The interim dividend is being *effectively raised from 1.875p to* 2p per share—the total last year was equal to 4.5p on record pre-tax profits of £2.2m.

First-half tax charge is £700,800 (£614,900) giving earnings per share of 3.58p against 2.73p.

The results do not include any contribution from the group's 60 per cent holding in McNair Anderson (Australia) acquired in November last year. McNair is expected to make profits of at least £300,000 in the second half.

● comment

AGB's breadth of interests and increasing strength in the Far *East continues to fuel its expansion.* Market research, its main money spinner, turned in a good performance with Dutch business well up, ad-hoc services holding their own despite the recession and only the industrial market research company showing a dip in profits. This division will get a substantial boost from the Australian acquisition and further plans to expand in the Far East. The publishing division has shown a surge with its *consumer publications increasing* market share, while the wide-mix of trade and technical publications *has formed a buffer to the* recessionary pressures generally felt by the industry. Tempo Computer Services, which supplies information to advertising agencies had a poor first half, but investment in new computer services should pay off over the next year. Full-year profits could reach £4m for the group. The shares rose 8p to 233p, where the prospective p/e, fully-taxed, is around 29. Assuming a generous final pay-out of 4p the prospec*tive yield is just under 4 per* cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research ...... int.	2	—	1.88*	—	4.5*
Albion	Nil	—	1.75	0.6	2.75
Anglia TV	3	April 28	2	5	3.57
J. Austin Steel ...... int.	1.67	April 6	1.67	—	4.67
Camford Engineering	Nil	—	2.58*	1.63	4.06*
Lookers	2.45	April 30	2.45	3.85	3.85
Marler Estates ...... int.	1	Feb. 21	1	—	2
New Wits. ...... int.	18‡	March 11	14	—	36
J. Saville Gordon ... int.	0.53	April 1	0.44*	—	2.44*
Stirling Knitting ... int.	0.5	March 31	0.35	—	0.85
Stock Conversion ... int.	1.75	March 30	1.46*	—	3.21*
Symonds Eng. ...... int.	0.22	Feb. 27	0.22	—	0.79
Trusthouse Forte	6.75	April 7	6	9	8
Union Discount	14	—	13.63	23	20
Vogels Metal	11‡	March 11	11	16	16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues.* ‡ South African cents throughout.

Redfearn outlook uncertain

IT IS not possible to make a forecast of the results for the current year with the uncertainties ahead and the recession continuing, Mr. John Pratt, the chairman of **Redfearn National Glass**, tells shareholders in his annual statement.

The full-year outturn must depend on the restoration, or partial restoration, of consumer spending, he says, adding that at the present time customer destocking has been largely com*pleted and the group's customers* expect demand for the whole of 1981 to be broadly the same as the *previous year.*

However, the chairman comments that price levels remain depressed and that it is certain that the industry will not be able to recover cost increases in full by way of price increases.

In common with many other *companies* Redfearn's future prosperity lies, as never before, on the achievement of improved productivity—*although Mr. Pratt* adds that he is in no doubt that the willingness to change and adapt will, in due course, show through in terms of improved results.

On December 17, the group, which manufactures and distributes glass containers for food, soft drinks, brewing, wine and spirits and pharmaceutical industries, reported taxable profits for the year to end-September, 1980, down from £3.3m to £1.79m and a cut in the dividend from 16.55p to 10.56p net.

At that time Mr. Pratt warned there would be a significant loss in the first half of the current year, resulting from continuing *depressed trading conditions*, remaining redundancies and the planned furnace rebuild.

At year-end, *shareholders'* funds totalled £19.91m (£19.22m) and secured bank loans and overdrafts showed a rise from £3.8m to £7.25m. On a CCA basis, historical pre-tax profits are reduced to a loss of £712,000 (£1.29m profit). Meeting: York, February 18, noon.

Anglia TV advances nearly £2m on back of sales upsurge

HELPED BY particularly buoyant sales at the beginning of the year following the end of the *ITV strike, turnover of* **Anglia Television Group** surged from £19.3m to £32.69m and pre-tax profits for the year ended October 31, 1980 advanced nearly £2m from £2.72m to a record £4.66m.

Exchequer levy taken increased to £3.36m, against £1m.

Advertising revenue held up well despite the recession, and the group continued to increase its network share.

Although advertising is likely to be under pressure as the recession continues, every effort is being made to control costs. Prospects for the sale of programmes overseas and for associated companies are encouraging, *the directors state.*

Profits at halfway had risen to £2.97m (£2.02m).

Year-end earnings per 25p shares are virtually doubled at 28.01p (14.94p) and the dividend *is stepped up to 5p (3.572p)* net with a final payment of 3p.

Associates' share included in the surplus was £452,000 against £358,000. Tax took £859,000 (£738,000—adjusted for SSAP 15, charge was reduced by £1.33m (£453,000).

Minorities took £100,000 (£9,000), and after an extraordinary debit, last time, of *£32,000, the attributable balance* came through at £3.7m compared with £2m.

Profit retained amounted to £3.04m (£1.53m) after dividend costs.

● comment

Anglia's full-year results show an impressive 71 per cent surge in pre-tax profits as befits a com*pany that got a clean bill of* health from the IBA and retained its franchise despite opposition. *The advance in earnings reflects* buoyancy in its advertising revenue in the first half. Overseas programme sales held up well with both the well-established "Survival" series and the "Tales of the Unexpected" contributing to group earnings. The rate of *increase in advertising revenue* slowed in the second half, so growth is unlikely to be rapid *again in 1981. The fully-taxed p/e* is 4.5 and the yield is a relatively generous 10 per cent. *The shares* added 1p to close at 76p.

SCOT. AMERICAN

Scottish American Investment *has repaid a loan maturing in* January totalling £5m to Morgan Guaranty Trust.

Camford slumps in second half

A VIRTUAL total collapse in second half profits and passing of the final dividend is announced by **Camford Engineering**, manufacturer of metal pressings, stampings, machine parts and assemblies.

At the pre-tax level the second six months added a meagre *£14,000 to the interim profits of* £907,000 (£876,000), leaving the £921,000 for the year to Septem*ber 30, 1980 well adrift of the* £2.54m for the previous 12 months.

Yearly earnings per 25p share are shown at 4.38p (12.87p) net and 5.08p (14.49p) on a nil basis. With there being no final dividend, the interim payment of *1.63p net stands against last* year's adjusted total of 4.064p.

Turnover for the 12 months *advanced from £37.54m to* £43.19m and tax for the period took £126,000 (£208,000).

Broackes hopeful about trading prospects of Trafalgar House

TRADING during the current quarter is holding up "surprisingly well in the circumstances, but we are living from month to month rather than year to year," Mr. Nigel Broackes, chairman of Trafalgar House, told shareholders at yesterday's meeting.

"Goodness knows what is round the corner but I would *expect us to perform better than* the generality of British industry," he said.

Express Newspapers was operating "at break even or somewhat better." Profits in the newspaper division were "not significant, but there are profits there." If the Morgan Grampian magazine division was taken into consideration — although advertising revenue had fallen off—the circulation experience was good.

After the meeting, Lord Matthews, the deputy chairman, confirmed that profits were being made from the newspapers and that there was a "strong trend."

"It is better than we dared hope for," he said. "Classified advertising is still low but display advertising has come back." He promised to "take the Express up market," and also said the newspaper group would have "a big push forward soon."

There was no likelihood of closing or selling the newspapers, Mr. Broackes promised shareholders, shortly after assuring a trade union shareholder that "it is not board policy to run Cunard into gradual eclipse."

Mr. Broackes pointed out that the British share of world shipping had declined substantially and pressures continued to be powerful. It could not be said that the shipping side would be a big investment area in the future, but there was "no intention of selling" the Cunard Princess or Countess. Offers for these and the QEII had been *received following last autumn's* problems, but had been turned down.

"They are not for sale," Mr. Broackes said. He also supported management's decisions to invest in dry cargo vessels rather than tankers in recent years.

In the current financial year it was probable that properties *held for occupation would be* revalued, possibly internally. Investment properties would not be revalued because "they will all be sold in the coming year."

The next accounts would also include £28m credited to reserves as a result of the Government's "amnesty on stock relief."

Mr. Broackes asked for shareholders' patience over the pur*chase of the newspaper group.* "I said it would take Lord Matthews three years to sort out. In fact it is nearly four years and the end is not clearly in sight."

At the annual meeting of MEPC, Sir Gerald Thorley, chairman, said the company had contracted in the U.S. to buy Woodway Tower, Houston, in line with *planned expansion. The acquisition* was expected to be completed in a few days, he said.

The tower is a *117,000 sq ft* fully let modern office building completed last year. It is the company's second acquisition in Houston and is located close to the first, One Woodway.

Lonrho plans statement this week

Lonrho, the international trading conglomerate, *is planning to* make a statement later this week, possibly about its future relationship with House of Fraser group.

Lonrho, which holds 29.99 per cent of the House of Fraser equity, was heavily defeated when it sought this week to block the 29m sale and leaseback of Fraser's D. H. Evans store.

Speculation over Lonrho's in*tentions following this setback* has mounted. Mr. Rowland said earlier this week that he had three options: to sell the Lonrho stake, to bid, or to do nothing. If Lonrho were to bid it intended to make a full bid.

The group has already taken soundings on the possibility of sellin gits 45m House of Fraser shares and received an indication *that 95p would be offered if they* came on to the market.

STRATFORD BUYS BURRELL FACTORY

The lead chrome pigment factory of **Burrell Colours** has *been bought from the Receiver* by **Stratford Colour**, a new company headed by Mr. Leo Liebster, former finance director of Burrell.

The acquisition was made possible by the involvement of development capital, backed by the National Coal Board Pension Funds.

British Land rises mid year

reduced by over £700,000 to £4.88m, taxable profits of the **British Land Company** improved from £973,000 to £1.66m in the half-year to September 30, 1980.

Tax for the period took £58,000 (£66,000) leaving attributable *revenue higher at £1.6m, com*pared with £907,000. There is again no interim dividend but the directors expect to declare a same-again final of 0.25p net, which was paid last year from pre-tax profits of £3.91m.

Gross rents of this London property investment and development group improved in the six months from £5.7m to £6.2m and *the directors say there has been* considerable progress in working the property portfolio and lettings concluded since September 30, 1980, will add an additional £750,000 per annum as they come on stream. The interim figures incorporate only one month's revenue from the group's two corporate acquisitions.

The directors add that the *enlarged freehold property port*folio offers the prospect of improvements in rental income as new or redeveloped space is let and reversions are achieved, and of further growth in the value of shareholders' funds. The group, they say, is well placed to make new acquisitions as opportunities arise.

As a result of two acquisitions in the half year (United Kingdom Property Company and the Corn Exchange Company) net borrowings rose by around £20m. However, these have been reduced by over £8m by the sale *of the Denham site. The two* companies and their assets have now been fully integrated into the group's operations.

The recent purchase of Jarvis Brothers and Brewster (Construction) of Worthing will strengthen the scale and profit potential of the group's existing housebuilding activities

SPAIN

January 21	Price %	+ or −
Banco Bilbao	262	
Banco Central	304	+3
Banco Exterior	246	+2
Banco Hispano	256	+4
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	308	+3
Banco Urquijo	150	
Banco Vizcaya	280	
Banco Zaragoza	215	+3
Dragados	94	+3
Espanola Zinc	46	
Fecsa	57.5	−0.5
Gal. Preciados	25	−1
Hidrola	66.7	−0.3
Iberduero	60.7	+2.7
Petroleos	84.2	+0.2
Petroliber	75	
Sogefisa	102	
Telefonica	60	
Union Elect.	62.5	−1.5

Lookers drops by 50% on stable turnover

A DROP in pre-tax profits from £2m to £936,811 is reported by Lookers, vehicle distributor and engineering concern, for the year to September 30, 1980. Turnover was virtually unchanged at £69.64m.

The directors say the results reflect highly competitive trading arising from the over-supply of new vehicles and agricultural machinery. This has led to lower margins in a period of high interest rates.

They add that since the year-end, the group has continued to trade profitably, but at reduced levels compared with the same period in the previous year.

Trading profit for 1979-80 was £2.44m, against £2.96m, while interest charges increased to £1.51m (£959,338). Tax charges were £312,863 (£458,040), and an exceptional provision for deferred tax took an additional £499,160 (nil). This left the group with a surplus of £124,788 (£1.54m) after all tax charges. Stated earnings per 25p share were 8.4p (20.8p) after tax and before exceptional tax, and 1.7p (20.8p) after both tax debits.

The exceptional tax provision arose from a change introduced by the 1980 Finance Act, which resulted in the reversal of the timing differences in respect of capital allowances previously claimed on contract hire vehicles.

Extraordinary items took a further £33,640 (£220,839), leaving attributable profits of £91,148 (£1.32m). A final net dividend of 2.45p (same) is proposed, making 3.85p (same). The total dividend again absorbed £285,431.

The directors say the group's service and parts departments performed particularly well throughout a difficult year.

● comment

Lookers' pre-tax profit has been cut to less than half, a result due in almost equal measure to the lower trading margins obtained in a depressed vehicle market and to the higher borrowings which were needed to sustain excessive stocks in the early part of last year. It is remarkable, in the light of other recent results from the motor trade, that Lookers was able to keep its margins as high as 3.5 per cent. Perhaps the emphasis on parts and repair—business which tends to improve when new car sales decline—is what distinguishes it from the less resilient motor dealers. After the announcement of a maintained dividend, the shares recovered 4p, to 39p. The yield of slightly over 15 per cent, which puts the share at some discount to, say, the Lex Group, is probably taking note of the chairman's warning that current sales are flatter even than in the first half a year ago.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—W. G. Allen, Dom. J. Saville Gordon.

Finals—Derby Trust, Gestetner, Glanfield Lawrence, Henlys, A. Kershaw, Lincroft Kilgour, Y. J. Lovell, Rank Organisation, R. Smallshaw (Knitwear), South African Land and Exploration, Southvaal, Tate and Lyle, United States and General Trust, Vaal Reefs Exploration and Mining, Watson and Philips, Western Deep Levels, Whatlings.

FUTURE DATES

Interims—

Cowan De Groot	Feb. 3
Deejan	Jan. 27
Hillards	Feb. 2
Manson Finance Trust	Feb. 16
Newmark (Louis)	Jan. 28
Regional Properties	Feb. 2
Zetters	Jan. 27

Finals—

Blundell-Permoglaze	Feb. 5
Kitchen (Robert Taylor)	Jan. 29
Ladies Pride Outerwear	Feb. 10
Throgmorton Trust	Jan. 28
Vantage Securities	Jan. 27

Stirling Knitting improves

PRE-TAX profits of Stirling Knitting Group, the Manchester-based clothing and knitwear manufacturer, rose from £243,000 to £369,000 in the half-year to September 30, 1980. Sales improved from £4.94m to £5.41m.

After tax up from £126,000 to £192,000, stated earnings per 20p share are 6.32p compared with 4.18p. The interim dividend is raised from 0.35p to 0.5p—last year's total was 0.85p from pre-tax profits of £403,000.

Symonds Eng. lower at six months

Taxable profits of Symonds Engineering Company slipped from £101,022 to £85,865 in the half year to September 30, 1980, on turnover ahead at £1.46m against £1.14m.

The directors say the current recession and continuing pressure of inflation affecting manufacturing costs.

The interim dividend is held at 0.2225p—last year a total of 0.785p was paid from profits of £207,760 (£221,492).

Stated earnings per 5p share, after six months' tax of £33,381 (£44,593), are down from 0.551p to 0.512p.

Activities of the company, which has "close" status, include precision engineering, sheet metal work and jig and tool manufacture.

Austin Steel ahead but gives year-end warning

BOOSTED by higher interest receivable of £95,117 against £34,248, taxable profits of James Austin Steel Holdings, steel stockholder, increased to £431,862 for the half-year ended September 30, 1980, compared with £340,560, on turnover ahead from £7.06m to £7.77m.

On reporting annual profits, down from £1.13m to £882,302, Mr. E. G. T. Firth, the chairman, said that the first half of 1980-81 would show a reasonable result.

He now states that the level of interest earned, in the six months, "cannot be repeated in the second half-year." Group results for the full period must be viewed with caution, and he expects these to be lower.

He adds that the company's financial position remains satisfactory.

After tax of £215,000 (£178,000) the attributable balance emerged at £216,862 against £162,560, out of which the interim dividend, unchanged at 1.67p net per 25p share costing £75,150, will be taken—last year's final payment was 3p.

James Austin and Sons (Dewsbury) trading as the steel division, produced a higher turnover but profit was unchanged, due to the increasing pressure on margins, particularly in the home trade.

The significant drop in steel prices, together with low volume and tight margins, combined to make the outlook for the rest of the year, and beyond, "a period of very poor trading," Mr. Firth says.

Trading as the engineering sector, Austins Structural Engineers had a successful six months: turnover was up and the volume of work was good. Results of a reorganisation, carried out over the last two years, are now coming through and provided the momentum can be maintained, full-year's results of this company should be satisfactory.

The chairman adds that it must be emphasised, however, that prospects here are not encouraging.

Mr. Firth is retiring as chairman on January 31, but will remain a director. He will be succeeded by Mr. R. G. Hooker.

Blair deep in red but hopeful

HEAVIER than expected severance payments and interest costs more than offset the reduction in the trading loss attained by George Blair and Co. in the first half of 1979/80. As a result the taxable loss for the engineering and steelfounding group climbed from £377,000 to £566,000 for the 26 weeks to September 27, and the interim payment is being omitted.

The impact of this setback was removed at the attributable level by a £213,000 tax credit (nil) for a deficit little different at £353,000 (£377,000).

Turnover was unchanged at £5.26m but the export content dipped from 37 per cent to 34 per cent.

Though the trading loss eased to £183,000 (£265,000) a cut in the workforce of more than 100 to 670 was reflected in redundancy payouts soaring from £8,000 to £214,000. Added to this net interest costs were £619,000, against £104,000.

Mr. I. L. Blair, the chairman, says demand has continued to deteriorate and further redundancies have been necessary. However, trading results for the second half should be marginally better than the first six months with most of the improvement coming in the last quarter.

For the whole of 1979/80 there was a loss of £280,000 following a small recovery in the second half. Then the final was passed leaving the total payment at 3.1428p net.

The company's shares are traded on the market made by M. J. H. Nightingale and Co.

Midway fall for Saville Gordon

A MASSIVE setback to metal trading and scrap processing activities in the aftermath of the steel strike has pushed taxable profits of J. Saville Gordon Group back to £316,298 for the half year ended October 31, 1980, compared with £722,943 in the corresponding period. Turnover fell from £13.98m to £10.37m.

But although the trading position is still poor, Mr. J. D. Saville, chairman, points out that the group has no borrowings of any significance and is well placed to contend with the current difficulties.

And although the reduction in profitability is substantial, he feels the performance is a creditable one in view of the economic climate.

The engineers' merchants and stockholding division again proved more able to cope with adverse conditions, states the chairman, although lower sales of £4.81m (£5.38m) naturally reduced profitability, down from £430,526 to £304,695.

The metal trading and scrap processing side suffered a dramatic fall in sales levels, with turnover slipping from £8.6m to £5.57m, and a narrowing of margins. Profits slumped to £11,603 against £292,417. Because of a substantial fall in metal prices, the board has provided for possible stock losses.

The interim dividend is effectively raised from 0.4375p to 0.525p—last year's total, adjusted for a one-for-five scrip issue, was 2.44p.

Stenhouse to continue its expansion policy

In his first annual statement as chairman of holding company Stenhouse Holdings, Mr. Herbert Houghton tells shareholders that in assessing the results for 1979-80 they should be aware that they bore considerable costs for the future development of the business.

Among these, he says, were expenses of the group's expansion into the U.S., the formaation of its international aviation facility, the enhancement of its servicing capability in the energy sector an-dthe extension of its benefit consultancy activities.

The group's policy of continuing to expand and develop its business is in the interests of shareholders — even at the expense of profits in the short term, Mr. Houghton adds.

The chairman says the group has two major strengths—its emphasis on direct broking and its international spread of operations. Direct broking, he points out, provides a more permanent base, which brings the group close to its clients. Moreover, he says the international spread of its business gives greater stability and strength to its earnings.

Commenting on the past year's results, Mr. Houghton says the slide in profit attributable to Stenhouse Holdings (the pre-tax figure was down from £8.75m to £7.74m) was due mainly to lower-than-anticipated profits from insurance broking—the group's principle activity.

He says the downturn in profits from £13.99m to £13.27m of Reed Stenhouse Companies, the international insurance and reinsurance broking group in which Stenhouse Holdings has a 53.7 per cent equity interest, was caused not only by a number of trading factors, but also by a further strengthening of sterling during the year. Had rates of exchange remained the same as in the previous year, the profits would have been over £1m greater and would have exceeded last year's the chairman explains.

At year end, net assets attributable to Stenhouse Holdings were £31.23m (£29.59m), comprising insurance broking—53.68 per cent—£23.72m (1979 53.76 per cent—£22.1m) and holding company and other interests—100 per cent—£7.5m (£7.49m).

Meeting: Glasgow, February 12, noon.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$40	8	5⅛	—	—	—	—	$44⅛
GM C	$50	—	—	1	2⅛	—	—	"
		April		July		Oct.		
ABN C	F.280	9	7.60	—	—	—	—	F.275
ABN C	F.300	52	3	2	4.50A	3	6.50	"
ABN C	F.320	9	0.90	—	—	—	—	"
AKZO C	F.17.50	35	1	16	1.30	—	—	F.17.10
AKZO C	F.20	23	0.50	11	1	50	1.20	"
AKZO C	F.22.50	—	—	5	0.50	—	—	"
AKZO P	F.17.50	5	1.30	5	1.70	—	—	"
AMRO C	F.60	56	1.60	—	—	—	—	F.57
KODA C	$70	3	4⅜	1	7⅛	—	—	$69⅝
HEIN C	F.55	—	—	—	—	2	4.60	F.52.50
HEIN P	F.50	7	1.30	—	—	—	—	"
HOOG C	F.12.50	—	—	—	—	10	2.50	F.14.20
HOOG C	F.15	10	0.60	—	—	10	1.20	"
IBM C	$65	2	4½	—	—	—	—	$65 1/16
IBM C	$70	1	2¼	—	—	2	5¾	"
IBM C	$75	8	⅞	—	—	—	—	"
IBM P	$65	2	2¾	1	3⅛	—	—	"
IBM P	$70	1	5½	1	6¾	—	—	"
KLM C	F.60	26	3.40	1	4	—	—	F.58.30
KLM C	F.70	1	1	—	—	—	—	"
KLM P	F.55	22	1.80	—	—	1	3.80	"
KLM P	F.60	18	4.70A	34	6.50	—	—	"
NATN C	F.115	10	7.30	5	9.60	—	—	F.120.40
NATN P	F.120	—	—	3	5.60	6	7.50	"
PETR C	Fr.5000	2	200	2	240	—	—	Fr.5020
PETR C	Fr.5500	2	80	—	—	—	—	"
PHIL C	F.15	6	1.20	23	1.70	18	2.30	F.15.40
PHIL C	F.17.50	4	0.40	15	0.70	20	1	"
PHIL C	F.20	1	0.20	—	—	—	—	"
PHIL P	F17.15	7	2	—	—	14	2.60	"
POLA C	$30	11	1/16	—	—	—	—	$23 1/16
POLA C	$35	2	1/16	—	—	—	—	"
OLIE C	F.190	23	20.50	—	—	—	—	F.205.10
OLIE C	F.200	88	14.30A	—	—	2	23.50A	"
OLIE C	F.220	210	6.40	58	9.50A	3	13.20	"
OLIE C	F.240	81	2.40	81	5.10	—	—	"
OLIE P	F.180	186	0.90B	—	—	—	—	"
OLIE P	F.190	116	2.40	3	5.80	—	—	"
OLIE P	F.200	65	6.80	1	10.90	7	12	"
OLIE P	F.220	28	18	—	—	5	24	"
ATT C	$50	2	2½	—	—	—	—	$50½
UNIL C	F.120	1	10	—	—	—	—	F.127.50
UNIL C	F.125	1	6B	—	—	—	—	"
UNIL C	F.130	67	3	—	—	10	5.30	"
UNIL P	F.125	5	2	—	—	—	—	"
UNIL P	F.130	25	4.50	5	8A	—	—	"
EXON C	$80	5	3¼	—	—	—	—	$78½
XERO C	$50	5	8½	—	—	—	—	$56 1/16
XERO C	$60	5	2⅛	—	—	—	—	"
		Feb.		May		Aug.		
BOEI C	$40	23	2⅝	1	4¾	—	—	$41
BOEI C	$45	—	—	2	2¼	—	—	"
BOEI P	$40	—	—	1	2⅜	—	—	"
MANN C	DM.130	—	—	5	4.50	—	—	DM 127
OCCI C	$30	20	2½	1	4¾	—	—	$31 1/16
SIEM C	DM.260	—	—	—	—	5	19	Dm.264.50
SLUM C	$110	38	5¼	4	12	—	—	$109 1/16
SLUM C	$120	5	1¾	—	—	—	—	"
SLUM C	$130	7	⅜	4	4	—	—	"
SLY C	$100	1	11	—	—	—	—	"
VW C	DM.150	—	—	5	3.50	—	—	DM140.80

TOTAL VOLUME IN CONTRACTS 1814

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Crystalate £2m rights to finance expansion

A £2M rights issue by means of a 9½ per cent convertible unsecured loan stock was launched yesterday by Crystalate Holdings, the electronics and plastic mouldings manufacturer. The issue is to be offered to ordinary shareholders on the basis of £1 stock for every seven shares and will be payable in full on acceptance not later than February 12.

The loan stock may be converted in February 1985 and thereafter in February each year until 1999 into one ordinary Crystalate share for every 70p nominal of stock held. Shares yesterday moved 4½p higher to reach 70p, reducing the original premium from around 6 per cent to nothing.

Mr. John Crates, joint managing director of Crystalate, said yesterday the £2m (which is net of expenses) would be used by the company for new product development, acquisitions during the current year and the reduction of group borrowings.

He cited in particular the group's development of microchip telephone components as a potential area of heavy investment.

Mr. Crates also mentioned other equipment products including the purchase of production licences. The main criteria for an acquisition would be that the company be in advanced technology in the electronics or telecommunications business and probably British.

Although he said a "useful-sized" acquisition would be at least £1m, Mr. Crates added that the price could be as high as £2m and if so could be partly financed through paper. He hoped a deal might be completed during this calendar year.

The issue has been underwritten by stockbrokers L. Messel and Co. and is expected to be fully sub-underwritten, according to Mr. Crates.

Dealings begin on January 23 and the last day for acceptances is February 12.

● comment

There would appear to be some very solid reasons why the Crystalate convertible was originally pitched at such a narrow premium. First, the company freely admits that it has watched the failure of offers by London Merchant Securities and Arthur Bell and has learned from their experience. Second, the company's target audience seems to be the major financial institutions and the obvious incentive in this case is an attractive income. Finally, the 70p pricing may be linked with an expectation that the current share price is as high as it is likely to go in the next six or nine months. Crystalate's share price is 3½ times its net asset value per share and probably already assumes a slowing of the company's growth rate in the current year. The shares have increased by 75 per cent in the last 12 months and the fully taxed earnings multiple is now at 15.7. Crystalate's ordinary share yield of little more than 3 per cent contrasts sharply with the loan stock return and the dividend is not likely to overtake the coupon for some time.

Albion falls into the red

CLOTHING MANUFACTURER and wholesaler Albion made a pre-tax loss of £161,304 for the year to September 30, 1980, compared with a profit of £722,633.

The directors say that while gross margins have been reduced to try to stimulate sales, the company has had to cut capacity by closing three production units. The directors believe the company is well-placed to take advantage of an upturn in the economy, but no improvement in its results is likely in the current year.

The final dividend has been omitted—against 1.75p net last time — making 0.6p (2.75p) for the year.

Tax credits for 1979-80 were £627,402 (£35,095). After extraordinary credits of £50,828 (£303,352) and payment to minorities of £18,999 (£48,392), there was an attributable surplus of £497,927 (£1.01m). Stated earnings per 20p share are 11.9p (18.9p).

BIDS AND DEALS

Argyll borrowing £12m to complete Oriel deal

BY RAY MAUGHAN

Argyll Foods has completed the funding arrangement for its £19.5m purchase of Oriel Foods from RCA International Finance. As known, Argyll proposes to raise around £8m through a two-for-five rights issue, involving 12.4m new Argyll shares, at 65p per share.

Argyll, which is headed by Mr. James Gulliver, a former chairman of Oriel, announced yesterday that the balance of the consideration is to be financed by a £12m term loan from Midland Bank and its merchant banking subsidiary, Samuel Montagu, on a coupon of 1¼ per cent of the London Interbank Offer Rate.

If approved by Argyll shareholders at an extraordinary meeting on February 6, the deal would create a new foods group turning over some £250m annually.

Oriel's sales amounted to £119m in the 10 months to October 25, equivalent to £143m on an annualised basis. Its pre-tax profits for the 10 months amounted to £3.8m, or £4.5m by extension, which excludes interest on a sum of £10.5m which was paid by Oriel to RCA last month, prior to the exchange of contracts.

After adjustment for the £10.5m payment and including £800,000 of goodwill, net assets of Oriel at October were £22.9m. At that date it had cash balances of £5m, taking in amounts due from RCA, which had risen to £10.4m by January 5, 1981.

The deal has, however, been struck only on the basis that RCA had an unconditional agreement to sell Oriel, irrespective of Argyll shareholder agreement at the forthcoming extraordinary meeting.

Should they turn the proposed deal down for some reason, a private company called Bowvine has been set up by Mr. Gulliver's private company, James Gulliver Associates, to complete the acquisition. Samuel Montagu has agreed to provide loans of £19m directly to Bowvine and a further £500,000 so that it could invest directly in Oriel.

The Argyll board, however, will vote in favour of the resolution to acquire Oriel in respect of their aggregate beneficial holdings of equity and preference shares, which represent 41 per cent of the voting rights, while holders of a further 13 per cent have given similar undertakings.

Gulliver Foods and its associated companies have undertaken, for no fee, to subscribe for their rights issue entitlement in respect of 21 per cent of the shares to be issued.

The balance of the rights issue has been underwritten by Samuel Montagu in association with Noble Grossart, Argyll's brokers, Panmure Gordon, have arranged sub-underwriting.

Argyll shares were suspended at 79p on December 15, pending the acquisition, but dealings are expected to re-start on February 9.

Tilling expands in U.S.

Thomas Tilling, one of Britain's largest industrial holding group's is maintaining the momentum of its U.S. expansion policy with the announcement of its second acquisition since the start of 1981.

Tilling, which is committed to spending £100m throughout the group his year, is extending its minerals and aggregates interests into New York State by the purchase for $14.8m (£6m) of quarries and other facilities from Hudson River Aggregates.

The quarries, at Haverstraw and Tomkins Cove on the Hudson River, supply aggregates by water to locations on the river, in Metropolitan New York and New Jersey.

The acquisition will be handled through Tilcon Warren which manages Tiling's U.S. construction materials interests.

This acquisition is the latest extension of the group's aggregates interests since it acquired two privately owned sand quarrying companies in the UK last October for £12.4m.

Nesco steps up Colmore offer

Nesco Investments has stepped up its offer for Colmore Investments from 30p to 33p per share cash following the acquisition of a 5.06 per cent stake in the company from Centreway at the higher price.

Nesco has acquired 33.3 per cent of the Colmore shares so far and has received acceptances totalling a further 11.7 per cent in respect of its original offer.

The directors of Colmore and associates have already rejected the Nesco offer in respect of 33.8 per cent of the capital. In a letter to holders yesterday Colmore said that the revised offer "confirms their belief that the original offer did not fully reflect Colmore's assets and prospects."

The company also said that holders able to take a longer term view of their investment would benefit by retaining their shares.

Colmore said it will be writing to holders to give its views on the revised offer in good time for holders to make up their mind, but in the meantime shareholders are advised not to take any action on the Nesco offer.

The directors expect to give holders an up-to-date value of Colmore's properties and information on current trading.

Colmore's shares responded to the revised offer by rising 3½p to 33½p.

CONRADI BUYS MORE HAWTHORN LESLIE

Mr. G. H. E. Conradi, chairman of British Central Electrical Co., a subsidiary of R & W Hawthorn Leslie & Co., has purchased 10,000 ordinary shares in Hawthorn at 133p. Earlier this month Mr. R. G. Conradi, who is on the Hawthorn board, increased his holding in the company by 10,000 to 11,300 shares.

Hawthorn is in the process of resisting a 130p cash bid from Starwest Investment Holdings which has so far acquired a stake of 41.52 per cent in the company.

BRENT CHEMICALS U.S. ACQUISITION

Brent Chemicals Corporation, a wholly owned subsidiary of Brent Chemicals International, has acquired Uresco Incorporated, subject to the approval of the Commissioner of Corporations of the State of California. Purchase price is $1.27m cash (£530,000).

Uresco manufactures and markets non-destructive testing and aerospace maintenance chemicals and systems, and is based in a suburb of Los Angeles.

As at July 31 1980 the company had net assets of some $449,000; in the year then ended its sales amounted to $4.68m and its profit before tax to $441,000.

GLOBE TRUST SELLS STAKE IN GOSFORTH

Globe Investment Trust has sold its entire 6.22 per cent stake in Gosforth Industrial Holdings.

Gosforth, the rump of the Swan Hunter shipbuilding group, is the subject of an agreed bid from Ferguson Industrial Holdings. The bid, worth nine Ferguson shares plus 300p for every 20 Gosforth, has its first closing date on February 2.

Energy Finance buys more of Transatlantic

Energy, Finance and General Trust has agreed to subscribe for a further 625,000 ordinary of Transatlantic Oil Company, for £750,000. The number of shares subscribed are equivalent to 2½ per cent of the capital of Transatlantic, and this brings EFGT's interest up to 40 per cent of the capital as increased by the subscription.

The subscription agreement provides for the transaction to be completed on April 15, 1981, and for Mr. Grant Heatzig, whose family control the balance of the Transatlantic share capital, to join the board of EFGT.

Ceramic Inv. raises £10m from Blue Circle stake

Ceramic Investments, owned by the Lebanese Gargour family, has sold the three million Blue Circle Industries shares it finally accepted in exchange for its near 29 per cent stake in the Armitage Shanks sanitaryware concern.

The shares were placed in the market yesterday morning by stockbrokers Cazenove with institutions at around 330p to raise nearly £10m.

Ceramics delayed a long time before finally accepting Blue Circle's bid for Armitage, which had to be made a second time after a Monopolies Commission investigation had held up the first attempt.

By the time of Ceramic's acceptance last month, nearly 12 weeks after the second bid, the semi-cash alternative had expired: the Lebanese thus received two Blue Circle shares for six of Armitage.

Ceramic began building up its Armitage stake after the 8.3 per cent holding formerly held by Glynwed came on to the market in August, 1978.

By the end of July, 1979, Ceramic had acquired over 15 per cent of Armitage. The company is advised in the UK by Middle East Associates, also controlled by the Gargours. Yesterday, shares of Blue Circle rose 6p to 342p.

MILLS & ALLEN ACQUIRES REST OF EURO BROKERS

To consolidate its North American broking activities, Mills & Allen International is to acquire the 51 per cent of Euro Brokers Harlow not already owned for $4.08m (£1.7m) cash.

Euro Brokers, which was established in New York in 1974 to carry on the business of euro-dollar and currency deposit broking, has recently developed into domestic financial markets in the U.S.

Net assets of Euro Brokers at December 31 1979 was $950,000 and profits before tax for the year ended on that date were $1.16m.

SHARE STAKES

Fairview Estates—J. M. Singer, director, has disposed of 100,000 shares. J. N. D. Bickel, director, has disposed of 150,000 shares.

Helical Bar—Abingworth has sold 80,000 shares, leaving holding 69,418 shares (2.39 per cent).

LOCAL YEARLINGS

Yearling bonds totalling £18.55m at 13¾ per cent redeemable on January 27, 1982 have been issued this week by the following local authorities:

Chester (City of) (£0.75m); Brent (London Borough of) (£0.5m); Bury Metropolitan BC (£0.5m); Castle Morpeth DC (£0.5m); Gateshead BC (£0.5m); Kirklees Metropiltan BC (£0.25m); Rotherham (Metropolitan Borough of) (£1.25m); Rushmore BC (£1m); Bradford (City of) Metropolitan Council (£1m); Llanelli (Borough of) (£0.15m); Lothian Regional Council (£0.4m); Maldon DC (£0.5m); Wakefield (City of) Metropolitan DC (£0.25m); West Oxfordshire DC (£0.25m); Birmingham DC (£2m); Fife Regional Council (£0.5m); Glasgow (City of) DC (£1m); Lincoln (City of) (£0.25m); Crawley BC (£0.5m); Enfield (London Borough of) (£1m); Kensington and Chelsea (Royal Borough of) (£1m); South Staffordshire DC (£0.25m); South Yorkshire Passenger Transport Executive (£0.5m); Tunbridge Wells BC (£0.5m); Aberdeen (City of) DC (£0.5m); Cannock Chase DC (£0.5m); Cotswold DC (£0.25m); Monklands DC (£0.5m);

PARKFIELD

Net tangible assets of Parkfield Foundries at the last balance sheet were £988,930, of which fixed assets accounted for £502,327. Borrowings were £378,599 and shareholders' funds £740,780.

Figures from the 1976 balance sheet were inadvertently published yesterday. Production from the group's light foundry rose from 4,400 tons in 1975-76 to 5,100 tons last year, not from 4.4m tons to 5.1m tons.

Still hope for Geevor Tin's work plan

ACCORDING to Mr. Kenneth Gilbert, managing director of the Cornish Geevor tin mine, the possibility of the work force accepting a work plan to save the struggling mine still holds good.

He says that the major union involved, the Transport and General Workers Union, as well as the smaller Clerical, Technical and Supervisory Staff Association, has recommended that the men accept the plan. Voting is now taking place and the result of this should be known by the end of the week.

Earlier it was reported that the men supported the idea at first but they later began to have second thoughts. In essence, the plan is for them to work six days a week instead of the present five and for the extra pay to be withheld until the mine returns to profits.

Mainly because of the fall in tin prices Geevor made a loss of £147,000 in the six months to September 30 and passed its interim dividend. In view of the continued weakness in the metal prices losses could be mounting and, clearly, a survival plan is needed.

MINING NEWS

More new faces Down-Under

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH much of the shine has gone from the market in Australian mining stocks, new flotations are still coming along. Listings are expected this week for **AOG Minerals, Argosy Gold Mines** and **Australian Coal and Gold Holdings.**

AOG has gold, base metal and uranium leases in Queensland, New South Wales and the Northern Territory as well as diamond leases in the Kimberleys in Western Australia. Argosy has gold interests in Western Australia's Murchison goldfield and in Queensland's Croydon field.

Australian Coal and Gold has a stake in the Ulan steaming coal mine in New South Wales as well as gold prospects in Victoria and the Northern Territory.

Meanwhile, a good deal of interest surrounds the revival of Australia's once-famous Golden Mine at Kalgoorlie in Western Australia. **Consolidated Gold Mining Areas** intends to re-open the old Paringa leases there which in the last year of mining in 1956 produced 114,000 tonnes of ore grading a good 9.18 dwts (14 grammes) gold per tonne.

The company has already started work on the prospect and aims to start milling in April 1982 at an annual rate of 130,000 tonnes per year with a gold grade of 7 to 8 grammes. This will call for the raising of some A$15m (£7.36m) and a share offer is expected to be made within the next two months. The shares are currently around 28p.

New Wits has a good half-year

A GOOD half-year result is reported by **New Witwatersrand Gold Exploration** the Consolidated Gold Fields group's South African investment company.

Reflecting higher gold income, net profits of New Wits for the six months to December 31 have risen to R4.67m (£2.6m) from R2.34m in the same period of the previous year. The total for the full year to June 30 last was R6.14m.

Latest earnings equal 40.4 cents (22.4p) per share and the interim dividend is being lifted to 18 cents. For the year to last June there was an interim of 14 cents followed by a final of 22 cents.

The December 31 net asset value equals 885 cents (491p) per share. The latter were 196p yesterday to show a yield of 10 per cent on the 1979-80 dividend total.

Horne profits downturn

AFTER higher interest of £270,000 against £164,000, and an exceptional debit of £67,000, pre-tax profits of Horne Bros., privately-owned general outfitter, dropped from £311,000 to £40,000 for the year ended September 6, 1980. Turnover improved slightly to £14.46m compared with £14.03m.

Marler falls to £19,605

With group turnover sharply lower at £238,066 in the six months to September 29, 1980, compared with £3.59m, taxable profits of Marler Estates, the London-based property investment and development group, fell from £149,027 to £19,605.

They are maintaining the interim dividend at 1p net—last year a total of 2p was paid from pre-tax profits of £265,710.

Progress made by Stock Conversion

FOR THE six months to September 30, 1980, pre-tax profits of Stock Conversion and Investment Trust show a £1.64m gain at £5.81m.

The result includes share of associates totalling £884,000 (£824,000), but is after minority profits of £919,000 (£773,000).

Tax for the period took £3.11m (£1.37m) and the interim dividend is effectively lifted from 1.4583p to 1.75p net.

LONDON TRADED OPTIONS

(Jan. 21 Total contracts 2224)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	330	62	4	76	1	—	—	392p
BP	390	2	39	32	1	50	—	"
BP	420	¾	137	20	47	36	—	"
BP	460	¼	60	9	25	22	10	"
BP	500	¼	12	18	—	15	—	"
Com. Union	140	1	25	10	4	13	—	141p
Com. Union	160	¼	29	4	—	7	—	"
Com. Union	180	¼	15	2	—	3	—	"
Cons. Gold	460	—	—	68	7	70	—	590p
Cons. Gold	488	4	48	35	5	—	—	"
Cons. Gold	538	¼	8	15	2	—	—	"
Cons. Gold	588	¼	31	7	1	15	—	"
Cons. Gold	638	¼	127	4	—	7	—	"
Cons. Gold	686	¼	8	2	—	3	—	"
Courtaulds	50	4	52	9½	—	12½	8	54p
Courtaulds	60	¼	67	3½	—	7½	—	"
Courtaulds	70	¼	37	2	—	4	—	"
Courtaulds	80	¼	89	—	—	—	—	"
Courtaulds	90	¼	5	—	—	—	—	"
GEC	460	128	—	145	1	—	—	588p
GEC	550	38	21	70	—	95	—	"
GEC	600	½	23	37	2	65	—	"
GEC	650	¼	125	17	1	42	—	"
Grand Met.	130	26	7	—	—	—	—	156p
Grand Met.	140	16	6	19½	14	28	—	"
Grand Met.	160	¼	20	8	8	17	—	"
Grand Met.	180	¼	29	3½	—	8	28	"
ICI	280	—	—	26	4	36	—	286p
ICI	300	¼	6	14	4	26	—	"
ICI	330	¼	24	6	11	14	2	"
ICI	360	½	42	3	2	7	—	"
ICI	390	¼	21	1½	—	—	—	"
Land Sec.	353	19	43	—	—	—	—	372p
Land Sec.	390	¼	115	17	10	28	—	"
Land Sec.	420	¼	73	10	—	17	—	"
Marks & Sp.	90	25	7	29	10	—	—	115p
Marks & Sp.	100	15	9	20	—	25	—	"
Marks & Sp.	110	5	122	12½	2	18	—	"
Marks & Sp.	120	¼	49	6	1	12½	1	"
Shell	360	82	3	—	—	—	—	444p
Shell	390	52	1	—	—	—	—	"
Shell	420	22	7	42	1	56	—	"
Shell	460	½	14	22	1	32	—	"
Shell	500	¼	22	12	—	20	—	"
Shell	550	¼	2	4	1	10	—	"
Totals			1584		166		49	
		February		**May**		**August**		
Lasmo	700	24	2	65	—	97	—	784p
Lasmo	750	8	2	40	—	75	—	"
Lasmo	800	3	—	25	27	55	1	"
Lonrho	84	14	100	—	—	—	—	96p
Lonrho	90	—	—	16	100	20	1	"
Lonrho	94	7	27	—	—	—	—	"
Lonrho	100	—	—	8½	—	13½	11	"
Lonrho	104	3	23	—	—	—	—	"
Lonrho	110	—	—	5	2	7	1	"
Lonrho	120	¼	—	2	—	3½	3	"
P. & O.	120	3	20	8	4	13	—	115p
P. & O.	130	¾	—	5	—	9½	2	"
Racal Elec.	300	20	14	37	—	49	—	306p
Racal Elec.	330	7	2	22	2	33	—	"
Racal Elec.	360	1	28	13	—	23	1	"
RTZ	414	14	47	30	—	—	—	405p
RTZ	454	1½	5	12	—	—	—	"
Totals			270		155		20	

Dollar weaker

Dollar was easier in currency markets yesterday as Euro-dollar rates fell. This was partly a reflection of the sharp fall in U.S. Federal fund rates. With the release of the hostages now completed, there was still uncertainty in the market as to what Iran would do with the recently unfrozen assets, although the net amount involved is turning out to be a lot less than expected.

Sterling was unchanged on balance in fairly quiet trading. However it retained a firm undertone, helped by relatively high interest rates and North Sea Oil.

European currencies showed little overall change, with the French franc still the strongest currency within the European Monetary System, and the Italian lira remaining the weakest.

DOLLAR — trade weighted index (Bank of England calculation) fell to 86.3 from 86.8. The dollar was lower than Tuesday's closing levels in trading clouded by uncertainties over the use of Iranian funds. Against the D-mark it sank to DM 1.9840 at one point before recovering to DM 1.9925 compared with Tuesday's close of DM 1.9990. Similarly against the Swiss franc it was as low as SwFr 1.8000 before coming back to finish at SwFr 1.8090, still down from SwFr 1.8190 previously. The yen continued to improve and the dollar closed at its lowest level since February 1979 at Y199.20 compared with Y200.60.

STERLING — trade weighted index (Bank of England) was unchanged at 80.2, having stood at 80.2 at noon and 80.3 in the morning. The pound finished slightly easier in places against other European currencies, but improved in dollar terms to close at $2.4280-2.4290, a rise of 90 points from Tuesday, and its best closing level for over two months. At one point it touched a high of $2.4340, but came back on late dollar demand.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position, and slower than expected economic growth rate. The steadier trend in U.S. interest rates has also depressed the D-mark, with tension over Poland still a market factor — There was no intervention at yesterday's fixing by the Bundesbank when the dollar was fixed sharply lower at DM 1.9885 compared with DM 2.0075 on Tuesday. The fall in the dollar was mainly a reflection of a fall in Euro-dollar rates, while the release of previously frozen Iranian assets remained a psychological factor. However, scope for downward movement was limited according to market sources, with the U.S. unit still helped by relatively high Euro-dollar interest rates. Elsewhere sterling was lower at DM 4.8280 against DM 4.8390, while the Swiss franc rose from DM 1.1003 to DM 1.1015.

BELGIAN FRANC — Second weakest member of the EMS, but not suffering from too much pressure recently as a result of of D-mark weakness — The Belgian franc was slightly weaker within the EMS at yesterday's fixing in Brussels, with the French franc fixed close to its ceiling level of BFr 6.96 at BFr 6.9590, compared with BFr 6.9550 on Tuesday. The D-mark was also stronger, rising to BFr 16.1020 from BFr 16.0930, and the Dutch guilder was higher at BFr 14.8057, against BFr 14.7995. Outside the EMS the dollar eased to BFr 32.06 from BFr 32.2725.

JAPANESE YEN — Very firm despite recent dollar strength, underpinned by Japan's improving economic performance —The yen was again firmer against the dollar in Tokyo yesterday, with the U.S. unit closing at Y199.85 compared with Y201.55 on Tuesday.

THE POUND SPOT AND FORWARD

Jan. 21	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4210-2.4340	2.4280-2.4290	0.75-0.85c dis	−3.95	2.22-2.32dis	−3.74
Canada	2.8740-2.8860	2.8840-2.8850	0.75-0.85c dis	−3.33	1.70-1.85dis	−2.46
Nethlnd	5.24-5.28	5.26-5.27	2½-1½c pm	4.56	6¼-5¼ pm	4.37
Belgium	77.50-78.05	77.80-77.90	21-11c pm	2.47	44-34 pm	2.00
Denmark	14.83-14.90	14.88-14.89	1¾ore pm-⅛ dis	0.30	1¼-3 dis	−0.57
Ireland	1.2950-1.3010	1.2995-1.3005	0.16-0.03p pm	0.88	0.40-0.23 pm	0.97
W. Ger.	4.81½-4.85½	4.83½-4.84½	2⅝-1⅝pf pm	5.27	6¼-5¼ pm	4.75
Portugal	128.90-130.20	129.90-130.10	20c pm-50 dis	−1.38	20-105 dis	−1.92
Spain	194.25-195.00	194.55-194.65	10c pm-50 dis	−1.23	160-245 dis	−4.16
Italy	2,294-2,302	2,300-2,301	3½-6¼ lire dis	−2.48	17¼-20½ dis	−3.26
Norway	12.65-12.71	12.68-12.69	4¼-2¼ore pm	3.13	6½-4½ pm	1.71
France	11.15-11.20	11.17¾-11.18¾	4½-3½c pm	4.29	9¾-7¾ pm	2.95
Sweden	10.71½-10.76	10.74½-10.75½	8⅝-9⅝ore dis	−10.47	24½-25½dis	−9.30
Japan	480-488	483½-484½	2.75-2.20y pm	6.14	8.90-8.25 pm	5.43
Austria	34.15-34.35	34.27-34.32	12½-9½gro pm	3.85	29½-24 pm	3.12
Switz.	4.37-4.41	4.39-4.40	3¾-2¾c pm	8.87	9½-8¼ pm	8.08

Belgian rate is for convertible francs. Financial franc 77.90-78.00. Six-month forward dollar 3.70-3.85c dis, 12-month 4.65-4.90c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 21	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4210-2.4340	2.4280-2.4290	0.75-0.85c dis	−3.95	2.22-2.32dis	−3.74
Ireland†	1.8675-1.8720	1.8675-1.8695	0.70-0.20c dis	−4.31	2.15-2.30dis	−4.76
Canada	1.1883-1.1895	1.1892-1.1895	0.19-0.14c pm	1.66	0.48-0.43 pm	1.53
Nethlnd.	2.1635-2.1675	2.1645-2.1655	1.72-1.62c pm	9.26	4.48-4.38 pm	8.18
Belgium	31.98½-32.06½	32.04-32.06	19½-18c pm	7.03	48-45 pm	5.81
Denmark	6.1180-6.1300	6.1205-6.1220	2.70-2.20ore pm	4.80	6.20-5.70 pm	3.85
W. Ger.	1.9840-1.9930	1.9920-1.9930	1.55-1.50pf pm	9.13	4.23-4.18 pm	8.44
Portugal	53.25-53.55	53.45-53.55	25c pm-par	2.80	45 pm-15 dis	1.12
Spain	80.05-80.35	80.12-80.22	20-10c pm	2.99	15 pm-15 dis	—
Italy	945.50-946.70	946.30-946.70	2-1 lire pm	1.90	2½-1 pm	−0.74
Norway	5.2130-5.2205	5.2195-5.2205	3.40-2.90ore pm	7.24	7.90-7.40 pm	5.86
France	4.5975-4.6090	4.6020-4.6040	3.15-3.05c pm	8.09	7.85-7.65 pm	6.73
Sweden	4.4170-4.4240	4.4200-4.4210	2.30-2.50ore dis	−6.51	6.00-6.20dis	−5.52
Japan	198.75-199.75	199.15-199.25	1.75-1.60y pm	10.09	4.60-4.45 pm	9.09
Austria	14.07-14.12½	14.11½-14.12½	9.90-9.30gro pm	8.17	26.75-25.25pm	7.32
Switz.	1.8000-1.8150	1.8085-1.8095	2.02-1.92c pm	13.07	5.32-5.22 pm	11.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 21	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.2	−24.0
U.S. dollar	86.3	−7.7
Canadian dollar	79.5	−18.6
Austrian schilling	146.5	+22.0
Belgian franc	111.1	−10.7
Danish kroner	101.0	−6.
Deutsche mark	145.6	+39.3
Swiss franc	185.7	+75.5
Guilder	122.3	−17.1
French franc	96.2	−8.2
Lira	49.9	−52.9
Yen	147.7	+44.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	Unavail	0.555046
U.S. $	13	"	1.28704
Canadian $	16.97	"	1.53235
Austria Sch.	6¾	"	18.2665
Belgium F.	12	"	41.5456
Danish K.	11	"	7.93910
D'mark	7½	"	2.58051
Guilder	8	"	2.80677
French Fr.	9½	"	5.97515
Lira	16½	"	1225.90
Yen	7¼	"	259.210
Norwgn. Kr.	9	"	6.74215
Spanish Pts.	8	"	105.825
Swedish Kr.	12	"	5.70415
Swiss Fr.	3	"	2.34756
Greek Dr'ch.	—	"	60.9348

OTHER CURRENCIES

Jan. 21	£	$		£ Note Rates
Argentina Peso	4864-4884	2001-2020	Austria	33.95-34.35
Australia Dollar	2.0450-2.0490	0.8425-0.8430	Belgium	77.50-78.50
Brazil Cruzeiro	165.05-166.05	68.10-68.44	Denmark	14.81-14.96
Finland Markka	9.36½-9.38	3.8650-3.8660	France	11.12-11.24
Greek Drachma	112.558-115615	47.05-47.15	Germany	4.81½-4.86
Hong Kong Dollar	12.51¼-12.52¾	5.1620-5.1640	Italy	2305-2400
Iran Rial	175.00*	72.70*	Japan	482-488
Kuwait Dinar(KD)	0.653-0.659	0.2704-0.2706	Netherlands	5.23½-5.28½
Luxembourg Frc.	77.80-77.90	32.04-32.06	Norway	12.65-12.75
Malaysia Dollar	5.3700-5.3810	2.2155-2.2175	Portugal	127½-140
New Zealand Dlr.	2.5145-2.5195	1.0355-1.0365	Spain	190-199¼
Saudi Arab. Riyal	8.04-8.10	3.3290-3.3310	Sweden	10.71-10.81
Singapore Dollar	5.0115-5.0225	2.0675-2.0695	Switzerland	4.36½-4.41
Sth. African Rand	1.8130-1.8140	0.7465-0.7470	United States	2.41¼-2.43½
U.A.E. Dirham	8.87-8.93	3.6700-3.6720	Yugoslavia	79-83

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.5237	+4.36	+1.15	±1.53
Danish Krone	7.72336	7.93659	+2.79	−0.41	±1.64
German D-Mark	2.48208	2.57923	+3.91	+0.71	±1.125
French Franc	5.84700	5.96722	+2.06	−1.14	±1.3557
Dutch Guilder	2.74362	2.80613	+2.28	−0.92	±1.512
Irish Punt	0.668201	0.692544	+3.64	+0.44	±1.668
Italian Lira	1157.79	1226.43	+5.93	+2.65	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.429	4.840	484.0	11.183	4.395	5.265	2301.	2.885	77.85
U.S. Dollar	0.412	1.	1.993	199.3	4.605	1.810	2.168	947.3	1.188	32.06
Deutschemark	0.207	0.502	1.	100.0	2.310	0.908	1.088	475.3	0.596	16.08
Japanese Yen 1,000	2.066	5.018	10.000	1000.	23.10	9.081	10.88	4753.	5.960	160.8
French Franc 10	0.894	2.172	4.328	432.8	10.	3.930	4.708	2057.	2.579	69.62
Swiss Franc	0.228	0.553	1.101	110.1	2.544	1.	1.198	523.4	0.656	17.71
Dutch Guilder	0.190	0.461	0.919	91.93	2.124	0.835	1.	436.9	0.548	14.79
Italian Lira 1,000	0.435	1.056	2.104	210.4	4.861	1.910	2.289	1000.	1.254	33.84
Canadian Dollar	0.347	0.842	1.678	167.8	3.877	1.524	1.825	797.5	1.	26.99
Belgian Franc 100	1.285	3.119	6.217	621.7	14.36	5.645	6.763	2955.	3.705	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 21)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 15/16	offer 18 1/16	bid 16 7/8	offer 17

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	18½-18¾	16⅛-16½	9¼-9¾	2-2½	8⅝-8⅞	10⅜-10⅝	15-17	10-10½	7-7¼
7 days' notice	14¼-14½	18¾-19	16¼-16½	9¼-9¾	2-2½	8¾-8⅞	10⅜-10⅝	15-17	10-10½	7⅞-8⅛
Month	14¼-14½	18-18½	17⅛-17½	9⅝-9⅞	5¼-5½	9⅛-9⅜	10⅝-10⅞	16½-17½	11¼-11¾	8¼-8½
Three months	14⅛-14⅜	17¾-18⅛	17⅛-17⅝	9⅛-9⅜	5⅝-5⅞	9⅛-9⅜	11-11½	17¼-18¼	12¼-12½	8⅝-8⅞
Six months	13⅝-13⅞	16¾-17	15⅜-15⅝	9⅛-9⅜	5¼-5½	9⅛-9⅜	11⅝-12	17½-18½	12⅜-12⅞	8⅜-8⅝
One Year	13½-13¾	15¾-16	14½-14¾	9⅛-9⅜	5⅛-5⅜	8⅞-9	12⅜-12⅞	18½-19½	12½-12¾	8⅛-8⅜

SDR linked deposits one-month 13⅞-12[illegible] per cent; three-months 13¼-13¾ per cent; six-months 13-13⅛ per cent; one year 12[illegible]-12[illegible] per cent.

Asian $ (closing rates in Singapore) one-month 18-18¼ per cent; three-months 18[illegible]-18[illegible] per cent; six-months 16⅝-16⅞ per cent; one year 15[illegible]-15[illegible] per cent. Long-term European two years 15⅛-15⅜ per cent; three years 14⅞-15 per cent; four years 14⅝-14⅞ per cent; five years 14⅜-14⅝ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.70-18.80 per cent; three-months 17.90-18.00 per cent; six months 16.45-16.55 per cent; one year 15.30-15.40 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates steady

Dutch short term money rates showed little change yesterday, in fairly comfortable conditions. Call money was quoted at 8¾-9¼ per cent, compared with 9-9¼ per cent, and one-month at 9¼-9½ per cent against 9-9¼ per cent. Three-month, six-month and 12-month funds were unchanged at 9¼-9½ per cent, 9¼-9½ per cent, and 9⅞-10 per cent respectively. Rates are expected to remain steady in the next few days with liquidity ample, despite the favourable reaction to the terms of the new issue of State Bonds. Subscriptions for the 10¾ per cent Bonds will take place on January 27, and if there is demand from abroad this could further increase the value of the guilder, which is already one of the two strongest currencies in the European Monetary System. The Dutch Finance Ministry hopes to attract foreign interest in domestic bonds for the State's financing requirements, which are expected to rise by at least Fl 1bn to Fl 16.5bn in 1981.

In Rome it was announced that subscriptions for the latest offer of L2 trillion Treasury notes totalled L1.91 trillion. Bids closed on January 16, but the amount on offer was raised twice from the original L500bn to allow unexpectedly high demand to be met in full.

In Frankfurt call money fell to 9.00-9.05 per cent from 9.10-9.20 per cent, but fixed term rates were generally firmer.

In Paris call money rose to 10¼ per cent from 10⅛ per cent.

UK MONEY MARKET

Exceptional shortage

Day-to-day credit was in very short supply on banking make-up day in the London money market yesterday, although the major factor behind the very difficult conditions was the seasonal payments of tax. This created an exceptionally large excess of revenue payments to the Exchequer over Government disbursements. The authorities gave assistance on an exceptionally large scale by buying a moderate amount of Treasury bills from the discount houses and banks, a small number of local authority bills from the houses and a very large amount of elegible bank bills. The lack of bills in circulation was reflected in a further easing of bill rates. The discount houses buying rate for one-month Treasury bills was 12[illegible]-12[illegible] per cent, against 13 per cent on Tuesday, and 13[illegible]-13[illegible] per cent, compared with 13[illegible] per cent for one-month eligible bank bills. The houses paid 14 per cent for secured call loan for most of the day, while the acute shortage of funds in the interbank market drove overnight money up to 100 per cent at the close.

GOLD

Moderate rise

Gold rose $13 an ounce in the London bullion market yesterday to close at $576-579. It opened at $570-$573, and trading was quiet for most of the day. The metal reached a peak of $577-580 just after the afternoon fixing, with tension easing a little after the release of the U.S. hostages coupled with an easier trend in Euro-dollar rates.

In Paris the 12½-kilo bar was fixed at FFr 89,890 per kilo ($607.68 per ounce) in the afternoon, compared with FFr 89,745 ($605.50) in the morning, and FFr 90,000 ($602.91) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 36,590 per kilo ($576.54 per ounce) against DM 36,385 ($564.54), and closed at $577-580 compared with $561-$564 on Tuesday.

In Zurich gold finished at $577-$580 against $561-564 previously.

	Jan. 21		Jan. 20	
Gold Bullion (fine ounce)				
Close	$576-579	(£237-238.3)	$563-566	(£233-234½)
Opening	$570-575	(£234.4-235.7)	$566-569	(£233⅝-234¾)
Morning fixing	$576	(£237.252)	$565.50	(£233.527)
Afternoon fixing	$578	(£238.134)	$562	(£232.713)
Gold Coins				
Krugerrand	$594-597	(£244½-245¾)	$584-587	(£241½-242¾)
1/2 Krugerrand	$305-309	(£125½-127½)	$299-303	(£123¾-125½)
1/4 Krugerrand	$155-159	(£63¾-65½)	$152-156	(£62¾-64½)
1/10 Krugerrand	$62-66	(£25½-27)	$61-65	(£25¼-26¾)
Mapleleaf	$590-592	(£242¾-243¾)	$580-582	(£240-240¾)
New Sovereigns	$145-146	(£59¾-60)	$143-144	(£59-59½)
King Sovereigns	$169½-171½	(£69¾-70¾)	$168-170	(£69½-70½)
Victoria Sovs	$169½-171½	(£69¾-70¾)	$168-170	(£69½-70½)
French 20s	$154-156	(£63½-64½)	$155-157	(£64-65)
50 pesos Mexico	$719-722	(£296-297)	$705-708	(£291½-293)
100 Cor. Austria	$565-569	(£232½-234½)	$550-554	(£227½-229½)
$20 Eagles	$682-685	(£280¾-282½)	$678-682	(£280½-282½)

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	17.75
Treasury Bills (13-week)	15.40
Treasury Bills (26-week)	14.22

GERMANY

Discount Rate	7.5
Overnight Rate	9.025
One month	9.425
Three months	9.475
Six months	9.40

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	10.9375
Three months	11.5
Six months	12.25

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.00
Bill Discount (three-month)	8.90625

LONDON MONEY RATES

Jan. 21 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-100	—	—	—	—	13½-14	—	—	—
2 days notice	—	—	14⅜-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14¼	14⅜-14½	—	14½	14⅜-14⅝	13½-14	—	—	—
One month	14⅛-14¼	14-14¼	14¼-14⅜	15¼-15⅜	14⅝	14⅝-14⅞	13¾	12-13	13[illegible]-13[illegible]	14¼
Two months	14-14	14-14	—	14⅞-15⅛	14⅝	14⅝	13½-13⅝	12⅞-12[illegible]	13[illegible]-13[illegible]	14½
Three months	14⅛-13⅞	14-14	14⅛-14⅜	14⅛-14½	14½	14⅝-14⅝	13⅝-13½	12-12⅞	13¼-13[illegible]	14
Six months	13⅝-13⅝	13-13⅝	13½-13⅝	13½-13⅝	13½	14	—	—	12¾-12[illegible]	13
Nine months	13¼-13	13-13	—	13½-13[illegible]	14	14	—	—	—	—
One Year	13-12⅞	13-13⅝	13⅜-13½	13½-13	13	14	—	—	—	—
Two years	—	—	13½-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13⅝-13¾ per cent; five years 13⅝-13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛ per cent; four-month trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12⅞-12[illegible] per cent; two-months 12[illegible]-12[illegible] per cent; three-months 12⅝-12[illegible] per cent. Approximate selling rate for one-month bank bills 13⅛ per cent; two-months 13[illegible]-13½ per cent; three-months 13[illegible]-13[illegible] per cent; one-month trade bills 14¼ per cent; two-months 14¼ per cent and three months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. **Clearing Bank Deposit Rates** for sums [illegible] per cent. **Clearing Bank Rates** for lending 14 per cent. **Treasury Bills:** Average tender rates of discount [illegible] per cent.

INTERNATIONAL COMPANIES and FINANCE

US BANKING RESULTS

Growth slows at Chase Manhattan

BY DAVID LASCELLES IN NEW YORK

THE TOUGH U.S. credit environment caused several leading banks to report mixed earnings results for 1980 yesterday.

Chase Manhattan, the country's third largest bank, said net income in the final quarter was up less than 1 per cent, from $76.7m or $2.23 a share, to $77.1m or $2.12—per share earnings were diluted by a stock issue last June. This brought Chase's earnings for the full year up to $364.7m (or $10.47), an increase of 17 per cent on the previous year's $311.2m (or $9.07).

Chase's fourth quarter was down more than 20 per cent compared with the third quarter because of the sharp rise in funding and operating costs, which were only partly offset by higher profits.

Chase's spread between its cost of funds and its on-lending rate in 1980 was 3.17 per cent, down from 3.33 per cent the year before. But net interest income was up nearly 10 per cent to $1.73bn because of increased earning asset volume.

Other sources of profit included the bank's foreign exchange operations which earned $96.5m, nearly $20m more than the year before. Bond trading profits were also up sharply, as were fees from international business, which rose by 28 per cent to $124.6m. However, net charge-offs for the year were up by about a half to $139m.

First Chicago, which had a troubled year reorganising itself after its financial crisis, suffered a 30 per cent reduction in earnings in the final quarter, from $17.6m or 44 cents a share to $12.2m (or 31 cents). For the full year, First Chicago earned profits of $66.5m or $1.68, a reduction of 42 per cent on the previous year's $115.5m or $2.91. The bank continues to make charge-offs to clean up its balance sheet and improve its financial health.

First Chicago said that it had agreed to sell some real estate and real estate-related loans with a book value of about $150m.

Terms of the agreement provide for a combination of a cash down payment by the buyer and market rate financing by First Chicago.

Crocker National Bank, the Californian bank which Midland Bank of the UK is in the process of acquiring, improved its earnings by less than 2 per cent in the final quarter. Profits were $26.4m or $1.85, compared with $26m or $1.91 in the same period a year earlier.

For the year as a whole, Crocker raised its profits by 6 per cent from $89.4m or $6.69, to $95.1m or $6.72. Net charge-offs during 1980 were $54.5m, up from $43.2m in 1979.

Owens-Corning hit by building industry slump

By Our Financial Staff

THE WORLD'S leading manufacturer of glass fibre products, Owens-Corning Fibreglass, has ended 1980 with profits 50 per cent down, although there was a slight moderation in the rate of fall in the final quarter. Total net for the year slumped from $109.3m to $54.3m or $1.78 a share, on sales of $2.29bn against $2.25bn.

The company earns more than 80 per cent of its profits from insulation and construction activities, which have been badly hit by the slowdown in the U.S. building industry.

In the fourth quarter, earnings of $25m showed a fall of 23 per cent, while sales remained steady at $621.2m compared with $625.4m. At the nine-month stage, earnings were 72 per cent down after suffering from increased marketing charges as well as a charge related to a Lifo provision for 1979.

The 1980 earnings have exceeded Wall Street's best forecasts, but doubts remain over sales for the current year.

Insulation and construction operations include the production and sale of glass wool fibres, which are sold as insulation panels, furnace and air conditioning filters, air ducts roofing products and fibreboard products. The setback in the construction industry has caused some uncertainty as to the outlook for this division, and hopes for the future now centre on the energy conservation business. The board believes that the company's leading position in the glass fibre industry will enable it to switch into these new areas of business with success.

Georgia-Pacific decline eases while Boise Cascade sees gain

BY OUR FINANCIAL STAFF

GEORGIA-PACIFIC, the leading U.S. softwood plywood group which is bidding £7.1m for Inveresk, the British papermaker, slowed the rate of decline in net earnings in the final quarter of 1980.

Meanwhile, Boise Cascade Corporation, another major forest products and paper group, has achieved an increase in its final quarter operating profits.

Georgia-Pacific, which also has paper, chemical and gypsum interests, saw its net profits fall 7.1 per cent from $70m to $65m, or from 67 cents a share to 62 cents, in the fourth quarter of 1980 after a run of more precipitous declines during the year.

Quarterly sales were lower by 3.6 per cent at $1.32bn, a reduction from the rates of decline encountered in the second and third quarters of 11 per cent and 7.7 per cent respectively. The first quarter saw an almost 11 per cent advance, leaving annual sales 3.65 per cent lower at $5.02bn.

Annual profits were 25.4 per cent lower at $244m, against $327m, reflecting sharp downturns seen earlier in the year as the drop in housing starts and slowdown in the U.S. economy began to bite hard into profits. Earnings per share for the year were $2.34 against $3.12.

Boise Cascade, while returning an improved profit for the final quarter, was unable to make much headway against the shortfalls incurred earlier in the year. Operating net profit was up from $36m to $38m for the final quarter, or from $1.36 to $1.43, on sales up from $752m against $807m. A $5.7m, or 21 cent a share, extraordinary gain is excluded.

For the year, operating profits were reduced from $175m to $136m, or from $6.52 a share to $5.11, despite a slight increase in sales from $2.9bn to $3bn. The annual result excludes a $12.5m extraordinary gain. Boise's operations are about equally split between paper and packaging and office products and building materials and wood products.

Crown Zellerbach, another paper, timber and packaging group, meanwhile said it expected its final quarter net profit to be close to the $33.9m, or $1.33 a share, of 1979. This figure will include an extraordinary gain and the benefits of a lower tax rate, which will mask a drop in operating profit of about 65 per cent from the same period of 1979. Overall 1980 net profits are expected to be about 25 per cent lower than the $133.5m of the previous year.

Downturn at Reynolds Metals

BY OUR FINANCIAL STAFF

REYNOLDS METALS, the second largest aluminium producer in the U.S., suffered a significant setback in the final quarter of 1980, which reduced the rise in profits for the full year to 2 per cent. Total net for the year was $180.3m or $9.32 a share against $177.1m

The closing three month period brought a drop of 25 per cent, to $33.5m or $1.72 a share, in net earnings, although sales rose 10 per cent to $906.2m.

The final quarter of 1980 included a charge of $8.6m for the closure of several plants. But there was also a foreign currency gain of $6.4m compared with a loss of $7.1m a year earlier. On the full year, foreign currency gains of $11.1m compared with a loss of $14.8m a year earlier.

Reynolds said that because of uncertain prospects for the world economy, its performance this year will probably not match 1980's.

The gain for (fiscal 1980) was the result of improvements in product mix and strong export demand during part of the year.

The company said it is well positioned to take advantage of growth in the industry

Reynolds increased earnings from $118m in 1978 to $177m in 1979. Both sales and earnings were moving ahead in the earlier part of 1980. For the longer term, enhanced earnings are expected to result from increased use of aluminium in the motor industry.

RCA profit boosted by CIT Financial

By Ian Hargreaves in New York

RCA, the diversified industrial and service group, achieved an 11 per cent increase in net profits last year, but would have suffered lower earnings without the contribution from the company's most recent acquisition, CIT Financial.

RCA turned in net income of $315.3m in 1980, up 11 per cent from the $283.8m of 1979. Sales rose 7 per cent to $8.01bn.

In the fourth quarter, earnings were 13 per cent higher at $79.1m on sales 5 per cent higher at $2.09bn.

But at the per share level, reflecting the merger with CIT Financial last January, 1980 earnings fell from $3.72 to $3.35.

Mr. Edgar Griffiths, chairman, said the 1980 figures included a special gain of $14.5m, wrapping up the net proceeds of the sale of Random House Publishing, insurance returns from a lost satellite and the forced withdrawal of NBC, the company's broadcasting subsidiary, from coverage of the Olympic Games. In 1979 there were extraordinary gains of $29.8m.

Mr. Griffiths said that profits had fallen at both Hertz, the car rental company, and NBC, but that NBC would have had an earnings improvement but for the Olympics contract cancellation.

Most other divisions had done well, he added, but the company's operating profits were affected by higher borrowing coss and heavier research and development costs, associated chiefly with the introduction of RCA's videodisc player.

The company expected to meet its target of having the Selectavision equipment available for sale through 5,000 dealers by March 22, the chairman declared.

Steady year for American Home Products

By Our Financial Staff

MAINTAINED profits growth in the final quarter has brought 1980 earnings at American Home Products close to the forecasts from the Wall Street investment community. The group, which takes more than half its profits from prescription drug sales, has lifted earnings by 13 per cent to $445.9m or $2.84 a share for the full year. Sales, at $4.07bn, gained 12 per cent.

The final quarter brought net earnings of £113.8m or 73 cents a share, a gain of 14 per cent, on sales 13 per cent ahead at $1.05bn. At the nine-month stage, both sales and profits were showing similar rates of growth.

Strong recovery at General Foods in third quarter

BY OUR FINANCIAL STAFF

GENERAL FOODS, the leading U.S. coffee group, has recovered considerably from the sharp 32 per cent drop in second quarter profits to record 13.5 per cent increase in net profits for its third quarter ended on December 27.

Profits for the quarter were up from $52.5m, or $1.05 a share, to $59.6m, or $1.20 a share on a modest 3.9 per cent sales advance from $1.53bn to $1.59bn. However, because of the drop in per share earnings in the second quarter from $1.50 to $1.02, profits after nine months are showing a decline from $3.93 a share to $3.67, or from $196.3m to $182.9m. Nine-month sales were 10.84 per cent higher at $4.91bn.

With a forecast of "flat to higher" earnings for the year the group is looking for final quarter growth. Total earnings in 1979-80 came to $255.8m, or $5.12 a share, and the company said yesterday that it expected good gains in the fourth quarter because of a more favourable coffee market, an improved international performance and volume increases in packaged convenience foods, particularly desserts and breakfast foods.

It said the third quarter gains were led by U.S. packaged convenience foods and international operations. Coffee volumes also improved in the quarter because of lower supermarket prices and the company's continued marketing support for de-caffeinated coffee. General Foods' leading brands include Maxwell House, and Sanka, its de-caffeinated brand, has become an almost generic term for this product.

General Foods said it encountered strong competition in pet foods in the third quarter but that these effects had been offset by volume gains in the U.S. desserts and breakfast food markets.

Flat period for Searle

BY OUR FINANCIAL STAFF

G. D. SEARLE, the drug company, expects to report 1980 earnings from continuing operations of $1.75 to $1.80 a share against $1.68 in the previous year.

The 1980 estimate includes the third quarter pre-tax reserve of $21.3m against its Aspartame sweetener, approval of which has been held up by the Food and Drug Administration.

Last year's sales from continuing operations rose about 20 per cent to slightly in excess of $1bn.

The company said fourth quarter earnings were about the same as a year earlier while sales increased 18 per cent. In the 1979 fourth quarter, Searle earned 46 cents a share from continuing operations.

The company said the flat fourth quarter earnings reflected increased new product costs in its pharmaceutical consumer products group, increased research and development costs, lower margins than anticipated on sales of hospital supply products, lower than expected sales in the optical group and several non-recurring expenses.

In addition to the Aspartame reserve, earnings were affected by increased interest charges.

The board expects earnings to increase progressively through 1981.

Research and development costs are expected to increase more than 25 per cent this year, and capital spending is estimated at $90m against $65m to $70m in 1980, excluding $82.2m spent for acquisitions.

EEC and Swedish bank launch dollar bonds

By Francis Ghilès

TWO FIXED interest dollar Eurobonds were launched yesterday: a $25m 10-year issue for the EEC with a coupon of 13¼ per cent and a price of 99½ through Nomura Europe and a $45m seven-year bond for Svenska Handelsbanken with a coupon of 13¾ per cent and a price of par through Nordic Bank.

Both issues are "bought" deals, that is the terms are fixed between the lead manager and the borrower at the onset of the offering period and cannot be altered, even if market conditions deteriorate. The EEC issue quickly fell to a 2¼-1½ points discount in early pre-market trading, while the Svenska Handelsbanken bond finished the day at 98½-99½.

Activity in straight dollar bonds picked up in the morning but this appeared to be the result of dealers covering short positions after the 1-point rise at the long end of the New York bond market on Tuesday afternoon. Activity subsided later with prices closing about ½ point better.

Among straight bond issues announced the week before last, the high quality names such as Amoco, Du Pont and IBM are finding their way into investor portfolios. Such is not the case with issues like GMAC, where matters are made worse by an abundance of older paper on offer. The 12¾ per cent bond to 1988 was quoted at a discount of 5 points yesterday.

● Seven banks will act as managers for the forthcoming eight-year $250m loan for the Argentine borrower Arhua y Energia Electrica, which carries a split spread of ⅞ per cent for the first four years rising to ⅞: National Bank of Canada (agent), Mitsui Bank, Midland Bank Societe Generale, European American Bank, European Arab Bank and Banque Europeenne de Credit.

U.S. QUARTERLIES

ACME-CLEVELAND

	1980-1 $	1979-80 $
First quarter		
Revenue	102.6m	89.1m
Net profits	2.28m	4.22m
Net per share	.50	.99

ETHYL CORPORATION

	1980 $	1979 $
Fourth quarter		
Revenue	431.6m	431.1m
Net profits	24.68m	22m
Net per share	1.24	1.10
Year		
Revenue	1.74bn	1.66bn
Net profits	89.68m	97.52m
Net per share	4.49	4.94

HEUBLEIN

	1980 $	1979 $
Second quarter		
Revenue	566.9m	535.2m
Net profits	26.5m	23.3m
Net per share	1.23	1.09
Six months		
Revenue	1.04bn	989.3m
Net profits	49.6m	43.5m
Net per share	2.30	2.04

MARTIN MARIETTA

	1980 $	1979 $
Fourth quarter		
Revenue	711m	569m
Net profits	43.49m	37.3m
Net per share	1.74	1.50
Year		
Revenue	2.62bn	2.06bn
Net profits	188.1m	178m
Net per share	7.55	7.10

OHIO EDISON

	1980 $	1979 $
Fourth quarter		
Revenue	272.3m	252.6m
Net profits	29.83m	29.3m
Net per share	.44	.49
Year		
Revenue	1.08bn	994.6m
Net profits	101.4m	105.12m
Net per share	1.52	1.80

PENNWALT

	1980 $	1979 $
Fourth quarter		
Revenue	301.42m	283.3m
Net profits	11.08m	11.92m
Net per share	1.07	1.20
Year		
Revenue	—	—
Net profits	43.29m	49.99m
Net per share	4.20	5.07

PUBLIC SERVICE ELECTRIC

	1980 $	1979 $
Fourth quarter		
Revenue	849.2m	642.1m
Net profits	78.51m	47.75m
Net per share	.88	.53
Year		
Revenue	2.99bn	2.42bn
Net profits	281.72m	233.33m
Net per share	3.22	2.85

ROADWAY EXPRESS

	1980 $	1979 $
Fourth quarter		
Revenue	377.3m	360.1m
Net profits	26.6m	23.7m
Net per share	1.38	1.19
Year		
Revenue	1.15bn	1.09bn
Net profits	89.4m	57.2m
Net per share	3.54	2.85

TEXASGULF

	1980 $	1979 $
Fourth quarter		
Revenue	283.8m	220.3m
Net profits	80.91m	44.18m
Net per share	2.38	1.32
Year		
Revenue	1.09bn	789.3m
Net profits	325.55m	138.87m
Net per share	9.70	4.05

WELLS FARGO

	1980 $	1979 $
Fourth quarter		
Net per share	1.50	1.20
Year		
Net profits	121.74m	130.2m
Net per share	5.33	5.45

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12.

Closing prices on January 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	91⅛	91⅞	+0¼	−0⅛	13.33
CFE 13 87	75	†90	90⅝	0	0	15.34
Citicorp O/S Fin. 10 86	300	87⅞	88⅛	+0⅛	+0⅛	13.22
Citicorp O/S Fin. 12 87	200	93⅞	94¼	+0⅛	−0¼	13.37
Con. Illinois O/S 9¾ 86	150	85⅝	86⅛	+0⅛	−0⅛	13.54
Denmark 11¼ 90	100	89	89½	+0½	−0⅛	13.83
Dome Petroleum 13½ 92	50	97⅛	97⅞	+0½	0	13.94
EEC 11 95 (May)	75	84⅞	85⅛	+0½	0	13.36
EEC 11 95 (August)	70	83⅞	84⅛	+0⅛	−0⅛	13.57
EIB 13¾ 90	100	99⅝	99⅞	+0½	+0⅛	13.79
Eksportfinans 9½ 87	75	84⅝	85⅛	+0⅝	+0⅛	13.07
Elec. de France 10 88	125	84⅞	85⅜	+0⅝	+0⅛	13.23
Export Dv. Cpn. 12¾ 87	100	96⅞	97⅛	+0½	0	13.41
Export Dv. Cpn. 9½ 86	150	86	86½	+0⅛	+0⅛	13.46
Fed. Dev. Bank 12⅞ 85	75	96⅛	96⅝	+0⅛	+0⅛	13.31
Fin. Exp. Credit 10½ 85	50	88½	89	+0¼	+0½	14.02
Finland, Rep. of 9½ 86	100	83⅞	84⅛	+0¼	+0⅛	14.01
Ford Credit O/S 14⅞ 83	150	99⅝	99⅞	+0⅛	+0⅛	14.74
Ford O/S Fin. 12⅝ 85	250	90⅞	91⅛	+0⅝	+0⅞	15.53
GMAC O/S Fin. 13⅜ 85	100	98⅝	99	+0⅝	+0⅛	13.73
GMAC O/S Fin. 12 87	100	92⅞	92⅞	+0⅛	+0⅛	13.75
Gen. Mtrs. O/S 11¾ 87	100	91⅞	92⅛	+0⅝	+0⅛	13.64
Goodyear O/S 12½ 87	75	95⅝	96⅛	+0⅛	0	13.46
Hudson's Bay 11½ 90	75	88⅛	88½	+0¼	−0½	13.71
ISM Canada 10½ 85	50	95⅞	96⅞	+1⅛	+1⅛	11.70
Int. Harvester 12¾ 85	115	94½	95	+0⅛	+0⅛	14.34
J. C. Penney Int. 12⅛ 86	100	96⅛	96⅝	+0⅛	+1	13.33
McGraw 13½ 85	75	†97⅛	97⅛	+0¼	+0⅛	14.26
NorWest Ind 13⅝ 87	50	86⅝	86⅞	+0⅛	+0⅛	13.31
Nova Scotia 10⅞ 90	50	96	96½	−0⅞	−0⅛	14.53
OKB 10 85	50	89⅝	90⅛	+0⅛	+0½	13.08
Pemex 11½ 88	100	86	86⅝	+0⅛	+0⅝	14.57
Quebec Hydro 11½ 92	100	86⅛	86⅝	0	−1⅞	13.89
Repsteel O/S 11½ 88	100	83⅛	83⅞	+0⅛	+0⅛	15.28
Rovlease 11¾ 85	50	92½	92⅞	0	+0⅛	13.61
SNCF 12⅞ 85	50	97½	98	+0⅛	+0⅞	13.04
Sweden 12⅞ 85	150	96	96½	+0½	+0¼	13.46
Swed. Ex. Credit 12½ 85	40	95⅛	95⅝	+0⅛	−0⅛	13.95
Swed. Ex Credit 12 83	50	95	95½	+0½	+0¼	14.16
Transamerica 12⅞ 83	50	96	96½	+0⅝	+0¼	14.05
Unilever NV 9¾ 90	100	82⅛	82⅞	0	−0⅛	13.02
World Bank 9½ 85	200	88½	89	+0⅛	+0½	13.24
World Bank 10¼ 87	300	86⅞	87¼	+0¼	−0⅛	13.36

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	93⅛	93⅞	+0¼	−0¼	9.41
Australia 8⅞ 90	250	96½	97½	−0⅛	−0⅝	8.61
Austria, Rep. of 8¾ 92	150	93⅝	94⅛	+0⅛	0	9.13
BFCE 8⅛ 95	100	92½	93⅛	0	−0¼	9.04
CECA 7⅞ 92	150	92⅛	93	−0⅛	−0⅛	8.91
Cll-Honeywell 8⅞ 90	125	95⅛	95⅞	+0⅛	+0⅛	9.09
Denmark 8¾ 92	100	95	95⅜	−0⅛	+0⅛	8.92
EIB 8½ 90	200	95⅞	96⅛	0	−0⅛	9.09
ESCOM 9¾ 87	100	97½	98	−0⅛	−0½	9.73
Iberduero SA 9 90	100	98⅛	99	0	−0⅛	9.21
Ind. Bk. Finland 8½ 90	50	93⅞	94⅛	+0⅛	−0⅛	9.41
Japan Air Lines 8⅞ 87	100	95⅞	96⅛	−0⅛	−0⅛	8.87
Japan Dev. Bk. 7⅞ 87	100	92⅞	93⅛	+0½	+0⅛	9.06
Kobe, City of 8 90	100	93⅞	94½	+0¼	−0⅛	8.93
Midland Int. Fin. 8½ 90	180	96⅞	97⅛	+0⅛	+0⅛	9.00
Norway 7½ 85	250	97	97⅜	+0⅛	+0⅞	8.30
Nuclebras 9¾ 88	100	91⅛	92⅛	0	−0⅛	11.40
OKB 8½ 92	150	92⅞	93⅛	−0⅛	−0⅞	9.22
Oslo, City of 8¾ 90	80	99⅛	99⅞	−0⅛	−0⅛	8.83
Venezuela, R. of 9¾ 90	150	97⅝	98⅛	+0⅛	+0⅛	10.07
World Bank 8 90	700	92½	93⅛	+0⅛	−0½	9.14
World Bank 10 86	150	104⅝	105⅛	−0⅞	−1⅝	8.70
World Bank 10 90	200	106	107	+0½	−1	8.93

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	96½	96⅞	+0⅛	−1⅞	5.84
Bayer Int. Fin. 5¾ 92	100	89½	99⅛	+0⅛	−0⅛	5.29
Bergen, City of 6 90	50	100	100⅛	−0⅛	−1	5.98
Buhrm'n-Tetterode 7 90	40	104⅞	105	+0⅛	−0⅛	6.28
Copenhagen Tele. 5¾ 90	60	94⅛	95	−0⅛	−0⅛	6.47
Denmark 5¾ 90	80	95⅛	95⅛	−0⅛	−1½	6.43
EIB 4⅞ 94	100	85⅞	85⅞	−0⅞	−0⅝	5.94
Elet de France 5¾ 90	100	98⅛	98½	+0⅛	−0⅝	5.48
Eurofima 5⅞ 92	80	101½	101⅞	0	−0⅞	5.55
F. G. H. Hypo. Bk. 6 90	50	†100	100½	−1½	−2	5.96
Finland, Rep. of 5⅝ 90	80	93⅞	94⅛	0	+0⅝	6.48
GZB 4¼ 89	100	†86	86½	−0⅛	−1⅛	6.34
Int.-Amer. Dev. 7 90	80	103⅝	103⅞	−0⅞	−1½	6.44
Japan Dev. Bk. 5¾ 90	100	101	101⅛	−0⅛	−1	5.59
Jutland Tele. 5½ 90	50	94⅞	95	−0⅛	−1	6.26
Mt. Blanc Tunnel 5½ 90	60	97¼	97½	+0¼	−0⅞	5.88
Newag 5⅞ 90	80	99⅞	99⅞	−0⅛	−1	5.85
Nippon Tel. & T. 4¾ 89	100	93⅛	93½	0	−0⅛	5.21
Norges Komm. 4¾ 91	100	86⅞	87⅛	0	−0½	6.05
OKB 4⅞ 91	100	88	88⅞	−1⅛	−1⅛	5.90
OKB 6 90	100	100⅞	101⅛	0	−1	5.85
Oslo, City of 4⅞ 91	100	86	86⅞	−0⅛	−0⅛	6.18
Oslo, City of 5⅞ 90	80	100½	100⅞	+0⅛	−0½	5.78
Philips Lamps 5¾ 92	100	95	95⅞	−0⅛	−1⅞	5.84
Sekisui Pre. Hms. 6 90	80	†100½	101	−0⅞	−1⅛	5.89
Shikoku El. Pwr. 4⅞ 89	100	95½	95⅞	+0½	+2⅞	5.40
Trade Dev. Fin. 6⅛ 90	50	95⅞	95⅞	0	+0⅛	6.72
Voest-Alpine 5⅞ 90	80	98⅛	98⅞	+0⅛	−0⅞	5.36

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅝	92⅛	0	−0⅛	8.95
Australia 6½ 88	20	87⅞	88⅞	0	+0⅛	8.74
EIB 7¾ 89	12	92½	94	0	+0⅛	8.89
Finland 5.6 83	10	90⅝	91⅛	0	0	9.33
Finland 6.8 88	10	86⅝	87⅛	−0⅛	−0⅛	9.32
Finland, Rep. of 8⅛ 87	15	94⅞	96⅛	0	+0½	9.33

Average price changes... On day 0 on week +0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅞ 86 C$	60	91	91⅛	0	0	12.95
CIBC 13½ 85 C$	50	†99	99⅞	+0½	+0½	13.64
CIBC 11½ 85 C$	60	†93⅛	94½	0	+0⅛	13.27
Federal Dev. 11½ 90 C$	60	†86⅛	87	−0⅛	−0⅛	14.11
Fst Can Inv. 10 84 C$	50	†90	90⅞	+0⅛	+0⅛	13.76
R. Bk. Canada 10 88 C$	40	90½	91⅛	+0⅛	−0⅛	12.41
Tordom Cpn 13½ 85 C$	30	†98⅛	99½	0	+0⅛	13.72
M. Bk. Dnmk. 9 91 EUA	25	91⅞	93	+0⅛	+0⅛	10.18
SOFTE 8¼ 89 EUA	40	87¼	88½	0	0	10.51
U. Bk. Nrwy 9½ 90 EUA	18	98¾	100	−0¼	−0¼	9.60
Bk. Mees & H. 10 85 Fl	75	100⅛	101¼	−0¼	−0¼	9.68
F. G. Hypo 9¾ 87 Fl	60	93⅝	94¼	−0¼	+0¼	11.68
Heineken NV 10 87 Fl	100	97¼	97¾	−0¼	−0¼	10.52
Nat. Inv. Bk. 10 87 Fl	75	97⅛	97¾	+0¼	0	10.49
Nat. Neder. 9½ 87 Fl	60	94¾	95¼	0	0	10.57
Ned. Midd. Bk. 10 85 Fl	75	100¾	101¼	−0¼	−0¼	9.69
Aero Paris 13½ 87 FFr	150	96¾	97¼	0	+0½	13.74
Charb'nages 13⅞ 85 FFr	400	99½	100½	0	+0¼	13.82
CECA 14¼ 86 FFr	150	100¾	101¼	0	+0¼	13.82
EIB 14⅛ 88 FFr	300	99½	100½	+0¼	+0¾	14.12
Finland 11 84 FFr	80	91½	92¼	0	+0¼	13.88
Gaz de France 11 84 FFr	150	92½	93½	+0¼	+1¼	13.44
La Redoute 14⅛ 85 FFr	125	97½	98½	+0¼	+0¼	15.07
Renault 9¾ 85 FFr	100	84¾	85¾	0	+0¼	14.36
Utd Mex Sts 14 85 FFr	150	99¾	100¾	+0¼	+0¼	14.05
Acona 14 85 £	20	94¼	95	−0¼	−0½	15.62
Beneficial Fin. 14¼ 90 £	20	94¼	94¾	+0¼	+0¼	15.35
Beneficial Fin 14½ 90 £	20	94¾	95¼	+0¼	+0¼	15.29
BNP 13½ 91 £	15	96	96¾	+0¼	+0¼	14.20
CECA 13½ 88 £	20	96⅞	96⅞	+0¼	+0¼	14.24
Citicorp O/S 13½ 90 £	50	96	96¾	+0¼	+0¼	14.23
Fin. for Ind. 14½ 88 £	20	100⅛	100⅞	+0¼	+0¼	14.36
Fin. for Ind. 13¾ 87 £	20	97¾	98¼	+0¼	+0¼	14.25
Gen. Elec. Co. 12¼ 89 £	50	93¼	94¼	+0¼	+0¼	13.72
Peugeot SA 14 90 £	23	94⅝	95¼	+0¼	+0¼	14.97
Rothschild 14¼ 90 £	12	97¼	98	+0½	+0¼	14.68
Swed. Ex. Cr. 15¼ 85 £	20	102¼	103¼	+0¼	+0¼	14.24
Banobras 8¾ 90 KD	7	†87½	87½	0	0	10.93
CCCE 8¾ 91 KD	10	†81½	82	0	0	11.22
Sonatrach 8½ 90 KD	12	†88½	88¾	0	0	10.52
Akzo 9¾ 87 LuxFr	500	91	92	+0¼	+2¼	11.68
Euratom 9¾ 88 LuxFr	500	94¾	95¼	+0¼	+1¼	10.72
Eurofima 10½ 87 LuxFr	500	98¾	99¾	−0¼	−0¼	10.35
EIB 9¾ 88 LuxFr	600	95¾	97¼	0	+0¼	10.43
Volvo 9¾ 87 LuxFr	500	90⅞	91¾	+0¼	+0¼	11.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¾ 87	0¼	98¼	98⅞	2/7	16¼	16.86
Bank of Montreal 5¾ 90	0¼	99¾	100¼	18/6	19½	19.50
Bank of Tokyo 5¾ 89	‡0¼	97¾	98¼	25/1	13.94	14.22
BBL Int. 5 85	0¼	97¾	98¼	20/5	16¼	16.84
Bergen Bk. A/S 6 89	‡0¼	97¾	98⅛	29/2	18.19	18.58
BNP 5½ 88	0¼	98¾	89¾	29/1	14.44	14.57
CNT 5¾ 86	§0¼	97⅛	98⅛	16/4	13¼	13.50
Citicorp O/S F. 84	‡0	99¾	99⅞	31/1	18¼	18.44
C. Itoh 5¾ 87	0¼	97¼	98	18/3	12⅞	13.17
Co-operative Bk. 6 86	0¼	97¾	97¾	15/6	15¼	15.62
Den Norske Credit 5 90	0¼	97¾	98¼	5/2	16¾	16.07
Genfinance 5¾ 87	0¼	97¼	98¼	30/4	15¼	15.43
Giro und Bank 5¾ 91	0¼	96¾	98¼	23/3	20⅛	20.81
GZB 5½ 89	‡0¼	98	98½	1/2	15.06	15.33
Jugobanka 8 89	0¼	†91	93	22/5	16¼	18.21
Ind. Bank Japan 5¾ 87	0¼	97¼	98	15/4	13.31	13.62
Ind. Bank Japan 5¾ 88	0¼	97	97½	9/3	13¼	13.50
Lloyds Eurofin 8 90 £	0¼	94¾	95¼	3/7	14½	15.28
Lloyds Eurofin 5¾ 92	0¼	98	98½	4/6	17½	17.56
LTCB Japan 5¾ 85	0¼	100¼	100¾	13/6	20.19	20.08
Man. Hanov. O/S 5¾ 94	‡0¼	98¼	98¾	29/2	18½	18.42
Midland Intl. Fin. 5 89	0¼	100	100¼	30/6	19.58	19.59
Midland Intl. Fin. 5¾ 92	0¼	97¼	98¼	5/6	17.19	17.52
Nacional Fin. 6¼ 86	0¼	98¼	99	25/1	9.68	9.81
Nat. West. 5¾ 94	§0¼	96	96½	14/4	13¼	13.77
Nat. West. 5¾ 92	§0¼	96¼	96¾	23/4	13.69	14.20
Nippon Credit 5¾ 87	‡0¼	98¼	99	6/2	16.06	16.27
Sparebanken 6 87	0¼	98¾	99¼	19/6	19¾	20.10
Standard Chart. 5¾ 90	0¼	97¼	98¼	6/3	12.06	12.31
Svenska Hndlsbk. 5 87	0¼	98¼	99¼	15/7	17.81	18.02
Bq. Ex. d'Alg. 4¾ 89 SF	0¼	†90	91	18/8	7½	8.29

Average price changes... On day +0¼ on week +0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Bow Valley Inv. 8 95	4/81	23.12	104¼	105¼	−0¼	13.38
Canon 6¾ 95	1/81	829	†121¼	122¼	0	−3.67
Credit Suisse 4¼ 93	10/79	1278	112	114	−0¼	−1.32
Digicon Fin. 8½ 95	10/81	29.5	100	101¼	−0¼	14.57
Enserch Fin. 9¼ 94	7/80	30.25	165¼	166¼	0	−2.47
Hanson O/S Fin. 9½ 95	1/81	1.92	103	104	+0¼	6.18
Ina Overseas 8¾ 2000	4/81	42	102	103	−0¼	17.82
Inchcape Ltd. 8 95	2/81	4.55	99¼	100¼	+0¼	−2.97
Jaccs 7¼ 95	11/80	565	130¼	131¼	−0¼	−3.74
Marion Int. Fin. 9 95	12/80	23.25	98¼	99¼	−3¼	6.60
Matsushita El. 7½ 95	11/80	580	102¼	103¼	+0¼	5.37
MEPC 8¾ 95	2/81	2.47	93⅞	94⅞	+0¼	1.74
Niigata Eng. 7½ 96	1/81	327	107¼	108¼	+2¼	[illegible]
Nissho-Iwai Co. 8 96	10/80	398	97¼	98¼	−0¼	2.09
Ricoh 6¾ 95	8/80	604	127¼	[illegible]	+5¼	6.52
Sumitomo M. Ind. 7 95	2/81	181	110¼	111¼	+0¼	−4.39
Swiss Bk. Cpn. 6¾ 90	9/80	200	92½	94½	−0¼	4.70
Taylor Woodrow 8¾ 90	1/81	4.94	95¼	96¼	+1¼	4.24
Transco Int. 8¾ 95	2/81	68	90¾	95¾	−1¼	22.63
Tricorp 8½ 96	12/80	31.25	94¼	95¼	−0¼	20.86
Union Bk. Switz. 5 89	2/80	121.4	91¼	93¼	+0¼	−12.46
Fujitsu 5 84 DM	7/79	431.5	142¼	143¼	+2¼	−1.02
Sharp Con. 6½ 88 DM	9/80	595	137	138	+4¼	0.01
Uny Co. 6½ 85 DM	11/79	967.3	111¼	112¼	+1	6.37

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MAN pins faith on foreign expansion

BY KEVIN DONE IN FRANKFURT

ALTHOUGH living in the shadow of its mighty domestic rival, Daimler-Benz, MAN (Maschinenfabrik Augsburg-Nürnberg) is succeeding in carving out an increasing slice of the West German heavy commercial vehicle market.

The ambitious investment programme of the last three years has allowed MAN to close gaps in its product range. It is now expanding energetically abroad.

The company's foreign expansion could lead to the setting up of diesel engine plants in Turkey and the Philippines and engine and truck assembly plants in India. According to Herr Wilfried Lochte, head of the group's commercial vehicles operations, final agreement has been reached with the Turkish Government for the establishment of a heavy diesel engine plant with a capacity for about 7,000 engines a year.

Worke on the plant, which is expected to cost around DM 50m ($10m), should start later this year with production beginning in 1984. MAN will take a minority stake in the venture of more than 30 per cent. The group already has a 34 per cent stake in a truck and bus assembly plant in Turkey and is the market leader in the country in heavy trucks and buses producing about 1,300 vehicles a year.

The project in the Philippines is likely to be of a similar size, but MAN, which in turn is controlled by the giant GHH engineering group, could take a majority shareholding. It does not yet have a direct stake in country's commercial vehicles industry, but MAN units are assembled from knock-down kits by a local company, Delta Motors Corporation.

A firm agreement on the Philippines project should be signed this year says Herr Lochte, while negotiations with India are unlikely to be completed before 1982.

Beside its powerful domestic rival, Daimler-Benz, MAN is inevitably forced to play second fiddle in the West German medium and heavy commercial vehicle industry, but it is snapping sharply at the heels of its Stuttgart-based competitor.

Notable success with domestic customers in truck classes of more than 9 tonnes—the starting point of MAN's traditional range—has enabled it to boost market share to 24.2 per cent in the past year (the figures are for the first 11 months of 1980) compared with 22.6 per cent in 1979.

MAN is currently beginning to enjoy the fruits of an ambitious investment programme in the late 1970s, which has left it well placed to challenge for a growing share of world heavy truck and bus markets. Of the DM 870m invested in the commercial vehicles sector in the last 25 years, fully 22 per cent has been spent since 1977.

Military vehicle contracts, mainly for the West German army, have played an important role in MAN order books for a number of years, although they are likely to be less than 5 per cent of sales this year. Breaking new ground with the U.S. army, MAN recently landed orders for 15 special articulated missile carrier tractor units with options on a further 450 in a deal that could be worth DM 160m.

The surge in the company's fortunes in the last couple of years coupled with the general boom in commercial vehicle sales has enabled it to attract enough orders from non-military customers to compensate for the run-down in its massive 1977 DM 1.3bn West

Herr Wilfried Lochte

German Army order for 10,000 vehicles, which will be completed by the end of 1981.

Much of MAN's investment in the last three years has gone on restructuring and modernising its heavy truck assembly operations in Munich and the centralisation of the bus-making activities at Salzgitter in Lower Saxony. Work in Munich is adding around 10-15 per cent to MAN's production capacity.

The most innovative move was started in 1977, however, with the agreement with Volkswagen to develop and produce jointly a new range of 6-9 tonne trucks. The move has served to fill gaps in both the MAN and VW ranges.

Production started in 1979 and should reach the goal of 15,000 vehicles a year (from MAN's plant in Salzgitter and VW's works at Hanover) in 1984-85. Some 5,000-6,000 units a year will be aimed at the German market, says Herr Lochte, with 7,000-8,000 going to other European countries and 1,000-2,000 being sold in overseas markets.

Joint production in the year to the end of June should reach 3,500-4,000 vehicles compared with 1,600 in 1979-80.

Exports are playing an increasingly important role in MAN commercial vehicle manufacture with more than 50 per cent of production being sold outside West Germany. Truck exports jumped by 36 per cent to 8,500 in 1980—and a further jump of around 25 per cent to 10,500-11,000 is predicted for 1981 by Herr Lochte.

With the growing recession in West Europe, sales overseas particularly to a group of Arab OPEC countries and Jordan are vital if MAN is to meet its aim of raising production by about 5 per cent in 1981 from last year's level of 20,180 trucks and 2,845 buses. Truck output in 1980 was 13.2 per cent up on 1979, while bus production fell by 7 per cent.

Resignation highlights plight of Italsider

By Rupert Cornwell in Rome

THE SUDDEN resignation of Sig. Antonio Puri, president and managing director of the state-owned Italsider, has highlighted the plight of the country's largest steel producer and the ineffectual response of the Government to the European Steel crisis.

So rare an event is the unqualified resignation of a senior public figure in Italy that a variety of explanations have been construed to account for his departure — ranging from the purely industrial to the personal, through to the political factors linked to the never dormant feuding for top jobs

One of Sig. Puris' grievances was that despite the consistent ability of the group to achieve operating profits (L80.6bn ($85m) in 1978 and L140bn in 197) these have been wiped out by massive financial charges.

This burden, stemming from the high interest charges on the bank borrowings which have constituted Italsider's main source of funds, reached in 1979 a total of L490.5bn ($516m)) or 15 per cent of sales of L3,265bn. Company officials estimate that the ratio reached 17 per cent of increased sales in 1980.

Until the middle of last year, Sig. Puri said in his resignation letter overall losses (L258bn in 1979) had been more than halved, despite the financial charges "absolutely incomparable with those of competitor companies elsewhere."

Output by Italsider last year rose by 1.1m tonnes to 10.83m tonnes, slightly less than half of overall steel production in Italy, which is the second largest manufacturer in the EEC after West Germany. However, this advance masks a serious deterioration in the second half of 1980, in keeping with an international trend which ultimately triggered last autumn's move by Brussels to limit output by Community producers.

But while the new crisis had only reinforced the determination of other EEC countries, notably France and Britain, to put their industries on a sounder footing, Sig. Puri pointed out that the Italian authorities accomplished less, rather than more.

Meanwhile, average prices for Italsider products had dropped to levels below those of a year earlier, while labour and other costs had climbed by an average 20 per cent. The only achievement was agreement with the unions to put 5,000 men, a little under 10 per cent of the total Italsider workforce, on state-subsidised lay-offs between the end of November and the end of January.

The last straw appears to have been a letter from Sig. Puri to the Minister, dated last December 16, and seeking a meeting to press the case for fundamental restructuring for which Government backing was essential. No reply came, according to Sig. Puri's statement. "The Minister's silence at that point became an unmistakable sign that my presence at Italsider was an obstacle to the ever-more-serious difficulties of the group," he said.

Rhone plans to halve its textile workforce

BY TERRY DODSWORTH IN PARIS

THE EUROPEAN textile industry crisis claimed another victim yesterday when Rhône-Poulenc, France's leading chemicals company, was forced to announce crash plans for cutting its 8,200-strong textile workforce by almost 4,000 within the next few months.

The decision means a big acceleration of the reorganisation announced by Rhône in the textile division when it ran into severe financial problems three years ago. It employed 13,200 in 1977.

According to this restructuring programme, the fibres interests should now be moving towards break-even. Instead, preliminary figures show losses soaring from FFr 500m in 1979 to FFr 850m ($185m), last year, while over-capacity and price cutting in the industry hold out no prospects of an immediate improvement. The deficit was more than a third of the FFr 2.5bn turnover.

Announcing the measures yesterday, M. Jean Gandois, the chairman, made it clear that the company was prepared to brave any political storms that may be caused by suppressing jobs in the delicate period leading up to the Spring Presidential election.

The redundancy programme would begin to take effect immediately, he said, and would be pushed through very firmly. In some circumstances, the group was also preparing to put workers on short time to reduce the cost to the company while final redundancy arrangements were worked out.

"There is no question of the company bearing the cost of workers who are now surplus to requirements," he said.

M. Gandois also underlined the company's feeling that it had met its social obligations during the restructuring period. But in the present situation, with France refusing to aid the industry, in contrast to other European countries such as Italy, Holland and Belgium, Rhône-Poulenc was having to reinforce the reorganisation plan.

Some further slimming was planned from today's level under the original plan.

Redundancy payments will be about FFr 68,000 per head, giving a total cost for the programme of around FFr 275m.

When the reorganisation is finished at the end of this year, Rhône-Poulenc's main textile activity will be in nylon-polysters, where it will employ about 2,600 creating sales of about FFr 2bn.

This operation has received substantial investment in recent years, and is now reckoned by the group to be one of the most effective in Europe.

Sandoz increases sales

BY JOHN WICKS IN ZURICH

GROUP SALES of the Sandoz chemical concern rose by 10 per cent last year to some SwFr 4.98bn ($2.69bn). Sandoz gives no figures for earnings, but it reports that international monetary stability "exerted a favourable influence" on the consolidated results for 1980.

Pharmaceutical sales rose by 11 per cent in Swiss franc terms, to account for almost half of total sales. Dyestuffs went up by only 5 per cent because of a sharp recession in major customer industries in the second half of 1980. Dyes make up one-quarter of group turnover.

Elsewhere, marked growth of 17 per cent was reported by the agro-chemicals. Food sector sales increased by 15 per cent and those of the seeds division by 9 per cent.

Turnover of the Swiss parent company itself stayed depressed following a "marked" increase in raw-material and labour costs which was off-set only to a very limited extent by price increases.

Non-oil Third World needs more external financing

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE NEED to ensure increased financial flows to non-oil developing countries emerged as a major theme of the Financial Times conference on the Euromarkets which opened yesterday.

This point was stressed in particular by **Mr. Shridath Surendranath Ramphal**, Commonwealth Secretary General, who said that failure by industrial countries to provide adequate flows of finance to the Third World would only aggravate their own unemployment problems, because international trade would fall.

Mr. Ramphal argued that increased official aid was needed. If such aid was forthcoming, the financial position of the developing countries would improve and banks would feel more confident about extending further private finance.

He also advocated a stronger role for multilateral institutions such as the World Bank and International Monetary Fund.

But **Mr. Stanislas Yassukovich**, managing director of the European Banking Company, said that increased recourse to international capital markets by the World Bank and any eventual borrowing by the IMF might risk crowding out other borrowers.

He noted that the developing countries do have very large capital requirements, but he said that banks should try to avoid over-extending themselves with loans designed purely to provide balance of payments finance.

This would aggravate country risk problems, he said. A more appropriate job for international banks was to step up their activities in project finance.

The increasing geographic diversification of the Euromarkets is likely to lead to a profound change in their character, he said. As new centres develop, particularly in the Far and Middle East, it will become increasingly hard to talk of a unified international market.

At the same time, there is a growing overlap between the Euromarkets and some domestic markets, especially in the U.S.

Mr. Ede Bako, chief economist at the Hungarian National Bank, said he foresaw a consolidation of financial relations between East and West in the next two years, but in the longer run there was a prospect for renewed dynamic growth in business between Western countries and the Comecon bloc.

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CONFERENCE

Stressing that he was speaking in a purely personal capacity, Mr. Bako also made a relatively rare comment for an Eastern European official on the situation in Poland.

He hold the conference that Poland should be able to consolidate its economy within one or two years, but this depended heavily on "an objective assessment" of the country's situation by all its creditors.

The U.S. economy seems set for another disappointing year of stagflation, said **Mr. Norman Robertson**, chief economist at Mellon Bank.

Real growth between the fourth quarter of 1980 and the same quarter of 1981 is put at only 2 per cent.

Retail price inflation will probably still exceed 11 per cent this year. Short-term interest rates could fall to the 12 to 14 per cent range by mid-1981, but high inflation and the heavy funding requirements of the corporate sector may prevent long-term bond yields falling by more than 1 per cent

Returning to the problems of the developing countries, **Citoyen Mawakani Samba**, head of exchange control and international agreements at the Bank of Zaire, said that developing countries' access to international financial markets was most limited in terms of recession in the industrialised world.

Such a recession dampened demand for the exports of the developing countries, he said, exacerbating their balance of payments problems and thereby reducing their credit worthiness.

This type of problem was further compounded, said **Mr. A. S. K. Musokotwane**, the Zambian Finance Minister, by the trend for average maturities on international loans to come down. This had resulted in a steep rise in the amortisation portion of debt service charges

Mr. Victor Macalincag, assistant Minister of Finance of the Philippines, stressed the need for developing countries to adjust their economies to take account of the rise in the cost of energy.

Several countries had already made great progress in this respect, he said. Pakistan and Colombia, for example, were close to self-sufficiency while the Philippines planned a progressive reduction in its ratio of oil consumption to total energy use from 88 per cent in 1980 to 55 per cent by 1985.

Mr. Francisco Garces, advisor to the executive committee of the Central Bank of Chile, said that his country expected its current account balance of payments deficit to increase to $2.24bn this year from an estimated $1.6bn in 1980.

Real economy growth in Chile was expected to reach 7 per cent this year, compared with 6.5 per cent in 1980, while the current projections for inflation put price rises in the range 20 to 25 per cent, compared with 31 per cent last year.

The surplus on long-term capital account this year should reach $2.74bn, which with an additional $200m net inflow of short-term capital, would allow foreign reserves to be increased by $700m.

Philips offshoot in French solar energy venture

By David White in Paris

RADIO - Technique - Compleec, the troubled French subsidiary of the Dutch electrical group Philips, is being brought into a solar energy project with Compagnie Generale d'Electricite (CGE) and the state-controlled Elf-Aquitaine oil group.

RTC, which this week announced a reorganisation plan cutting its workforce by about 25 per cent, is a pioneer in the field of photovoltaic cells, a sector in which the French Government's plans have focussed on the CGE group.

Under the agreement, the Philips subsidiary, which is the leading European producer of these cells, is to hold 14 per cent in a joint company, Societe Francaise des Photopiles. This was set up recently by CGE and Elf with two manufacturing offshoots, one in France and one in the U.S., both known as Photowatt International.

CGE will have the 51 per cent controlling stake in the joint holding company and the Elf group 35 per cent.

CGE's specialised subsidiaries reached agreements in 1979 with Rhone-Poulenc, the chemical concern, for processing silicon, and with Dyneer and Sensor Technology of the U.S. for manufacture of the photovoltaic cells and units themselves.

The three French companies will have preferential access to the production of Photowatt International in order to put together their own solar energy systems for sale on the world market.

CGE said that the agreement would place the two photowatt companies among the world's leading producers. The French company will take over RTC's present manufacturing and research facilities in the sector.

● Consolidated cash flow of the CGE group jumped by 54 per cent in 1980 to about FFr 2bn ($430m) following an increase in net income of 20 per cent to about FFr 550m.

In a letter to shareholders, CGE said earnings per share would be higher than FFr 70. It expects to pay an unchanged net dividend of FFr 25 per share.

German power plant talks

By Our Financial Staff

KLOECKNER WERKE said it is negotiating with Vereinigte Elektrizitaetswerke Westfalen (VEW) over the construction of a 750-megawatt coal fired power station, as a cost of more than DM 1bn ($505m).

Kloeckner said construction of the power station near Dortmund could begin in 1982 or 1983 and will take four to five years. The plant will replace a 300-megawatt coal power station. Negotiations are at an early stage, it added.

INTERNATIONAL COMPANIES and FINANCE

Professor Tibor Barna looks at the state of world process plant contractors

Davy: a prize asset for UK industry

THE CURRENT bid by Enserch the U.S. oil and gas company, for the Davy group is important for the UK process plant industry since Davy is the largest British process plant contractor. The fact that Davy has manufacturing interests is another important point as Davy, like other major contractors, except the Japanese, prefers to deal with its hardware subsidiaries at arms length.

Altogether perhaps 15,000 people are employed in process plant contractors' offices in Britain — not a very large number, though more than in any other country in Europe. Davy may account for one-fifth of this total and the rest is about equally divided between the UK offices of eight or so large U.S. companies and five or six major British contractors: Snamprogetti of Italy also has a large office here.

Contractors are of course more important than suggested by their directly employed staff because they manage the design, procurement and installation of plant the cost of which often runs into hundreds of millions of pounds.

The business of international contractors has grown with the rapid expansion of industries using process plant and the increasing size and complexity of individual plant. Also customers in newly industrialising countries, as well as in the Soviet bloc, often need the services of firms capable of handing over a complete installation ready for production.

Independent contractors first emerged in the United States to meet the demands of the petroleum industry. They spread their activities worldwide in the wake of American oil companies. The London area became the favourite location for overseas subsidiaries—Foster Wheeler set up office in the 1920s—and even before North Sea oil gave it a boost. London was the largest contracting centre in the world.

The combination of advanced technology and organisational ability, which is required for process plant contracting, explains the dominance of American firms. However, a number of strong European contractors are also now among the leaders, partly as a result of reorganisations in the 1970s.

With their traditional base in chemicals and metallurgy, and supported by excellent fabricators of plant, Germany has a clutch of contractors reputed for technology and quality. The biggest is Lurgi which has a total staff of over 5,000 and offers a wide spectrum of chemical, metallurgical and environmental control processes. Linde, which employs over 1,000 and is a subsidiary of a large Munich engineering company of the same name, and Uhde, a subsidiary of the chemicals giant, Hoechst, are both capable of managing very large contracts for chemical plant.

Italian contractors are of post-war origins and almost all are connected with the complex of state enterprises. The leader is Snamprogetti, a subsidiary of ENI the state petroleum company, which established its eminence in oil-related plant by the 1960s and employs about 5,000. Tecnimont, a subsidiary of Montedison the chemicals-electricity combine, and other medium-sized contractors may at present be feeling the effects of political and financial scandals that have hit their parents but Italpianti, a subsidiary of Finsider in the IRI group, has now entered the big league in steel plant.

Although France was still backward in process plant in the 1960s, a concerted effort by the technocrats brought her into the world class. Technip is owned jointly by state agencies and oil and chemicals interests. It was created in 1958 with only 60 employees but with rapid expansion in the late 1970s it now employs 4,000-5,000 and is clearly there to [illegible] Creusot-Loire Enterprises was split off from the well-known heavy industrial group; it is more important in steel than in chemical plant. Among a few successful medium-sized chemical plant contractors is Heurtey Industries, recently set up as a separate entity by the Paribas banking group.

The Davy group, however, is nearly as big in terms of office staff as Snamprogetti and Technip put together. It was reconstructed after a financial disaster of the late 1960s and it has grown rapidly by acquisition. It bought Zimmer, a German contractor, from Vickers and two years ago it acquired the U.S. contractor McKee. Unlike other contractors where the head office dominates the foreign offices, Davy works from three centres: the U.S., the UK and Germany.

Size in contracting, whichever way it is measured, is an elusive concept, but in terms of office employment Davy falls well within the range of the U.S. leaders, being smaller than say Foster Wheeler but larger than Lummus. Moreover, it is a major force not only in chemical but also in steel plant. Probably only the German group, GHH, is capable of supplying an integrated steelworks beside Davy.

Competition offered by Japanese contractors depends much on technology and markets. They are still weak in advanced chemical plant and in the OECD markets. But, although their success and reputation is mixed, they are gradually working their way up.

Contractors are part of large companies (steel companies that have moved downstream) or ad hoc groups are formed to compete for large contracts, with strong financial backing. Also, Japanese contractors, unlike those in other countries, derive substantial business from foreign aid programmes.

Contractors play a strategic role in the chain of activities which begins with product or process innovation in the chemical and metals industries and eventually results in the export of plant.

It is accepted that for success close relations between contractors and innovating firms on the one hand, and contractors and plant makers on the other hand, are necessary. But while almost all contractors oppose either downstream or upstream integration, there is a strong tendency for such collaboration to take place locally rather than across national boundaries. Hence the dependence of different activities on each other; strong contractors are needed to capitalise on innovations and to market plant. The employment-multiplier effect of contracting is especially important since each person employed in a contractors' office may generate six jobs in hardware manufacture.

Although there are successful small firms specialising in a single process (e.g. De Nora in Italy), only the big contractors are in the race for the large contracts that are available today. Some of the large contracts have political significance, especially in bargaining with OPEC or Soviet bloc countries.

France, Italy and Germany have used process plant exports to secure supplies of energy and scarce materials. In France the involvement of the state is explicit but in Italy a similar role is performed by ENI.

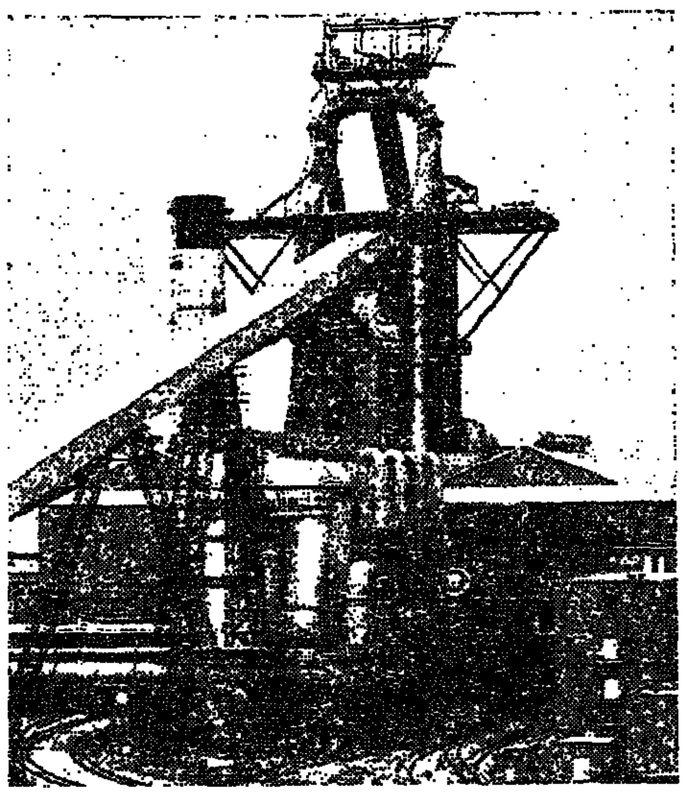
Germany needs the least direct governmnt involvement since Metallgesellschaft, the group to which Lurgi belongs, is capable of bargaining with governments on its own. It can provide in-house export finance as well as marketing facilities for counter-purchase arrangements which are usual in East-West trade.

The position of the British industry is relatively weak. This is reflected in the proportion of domestically produced hardware procured by contractors, which is low compared to other leading countries, and by the absence of a second force in contracting. The American presence is far greater in the UK than in major Continental countries, Davy itself is now a multinational rather than a national company, and there are no strong ties between national plant makers and contractors such as those provided by ENI in Italy and the well-organised trade associations in Germany.

In the 1970s the markets for process plant in the industrialised countries slumped dramatically, except for the North Sea, but were more than replaced by markets in the oil-rich countries and the Soviet bloc. In the 1980s an upsurge in demand is expected mainly in alternative energy processes and it is reckoned that in about two years time expenditure in the U.S. will be running at an annual rate of $6bn. A number of European contractors have bought themselves into the U.S., including the purchase by Davy of McKee.

Davy could not have reached its present position based on the UK alone. Yet because of its ties to the UK it represents an important asset for the British plant-making industry. Contractors are the "front end" for a range of industrial activities and demand for their services is likely to grow during the 1980s. If Davy were to lose its status as an independent company, this would focus attention on other British contractors, including such companies as CJB (part of the John Brown group), Humphreys and Glasgow (a private company), Woodhall Duckham (part of Babcock International), Simon Engineering and Matthew Hall. It has been argued in the past that some reorganisation among British contractors is necessary for an effective attack on world markets; if the Enserch bid succeeds, these arguments may well be revived.

Professor Barna is Professor of Economics at Sussex University.



British Steel Corporation's Redcar blast furnace: Davy was the process plant contractor

20 LARGE PROCESS PLANT CONTRACTORS

Badger (U.S.)	Davy (UK)
Bechtel (U.S.)	Lurgi (West Germany)
Fluor (U.S.)	Snamprogetti (Italy)
Foster Wheeler (U.S.)	Technip (France)
Pullman-Kellogg (U.S.)	Linde (West Germany)
Lummus (U.S.)	Uhde (West Germany)
Procon (U.S.)	GHH (West Germany)
Scientific Design (U.S.)	Tecnimont (Italy)
Stone & Webster (U.S.)	Heurtey Industries (France)
Toyo Engineering (Japan)	Creusot-Loire Ent. (France)

This is an impressionistic list and the companies included are not necessarily the largest in terms of order books, work done or office employment. The four companies heading the right-hand column are however the largest European companies.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½%
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

AECI to expand explosives production

By Quentin Peel in Johannesburg

AECI, South Africa's largest chemicals group, in which ICI of the UK holds a 40 per cent stake, is to build a R50m ($67m) explosives factory to cater for the expansion of the South African mining industry. The investment will bring to R350m AECI's current capital expansion programme, and will mean a significant increase in the company's production capacity for explosives.

The plant is to be built near Welkom in the heart of South Africa's major Orange Free State gold field, on a 4,500-hectare site — about the same size as the company's existing Modderfontein factory, which is the largest producer of explosives in the world.

Mr. Denys Marvin, AECI's managing director, said the plant would cater for a market worth about R40m at the current level of demand, and the new facilities were necessary to keep up with extensions to existing mines and the development of new gold and uranium mines planned for the Free State area.

Last June the company announced plans to build a R40m explosives factory in the BophuthaTswana homeland to cater for the platinum mines in that area. That plant, at Heystekrand, will come into production by the end of 1981, and the Welkom factory by 1983.

The Welkom factory will produce cartridge explosives, fuses, and, eventually, detonators. It could also eventually supply a range of chemical products, and Mr. Marvin said it would form "the nucleus of a significant chemical industry with high growth potential" in the Free State area.

Apart from supplying the South African mining industry, the company also exports to a number of African and other countries.

AECI's capital investment programme for the next three years includes a R150m low density polyethylene plant, a R70m ethylene oxide plant, and a R40m expansion of the polymer plant at SA Nylon Spinners.

An announcement is awaited on whether the group will go ahead with a methanol production project which could cost up to R1bn.

HK exchange move

HONG KONG'S Stock Exchange's unification ordinance is to go into effect on February 1, as a way of determining the membership of the new Exchange, writes Adrian Boven. Only members of the four existing exchanges at the date of commencement will be entitled to apply for membership in the new exchange and no memberships may be sold or transferred for at least four years.

Dai Nippon Printing lifts first-half sales and profits

BY YOKO SHIBATA IN TOKYO

DAI NIPPON PRINTING, Japan's largest printing company, posted a 14 per cent gain in operating profits to Y20.15bn ($100.4m) for the half-year to November 30 as a result of strong demand on the books and periodicals side and in the fast growing sector of photomasks for integrated circuits (ICs) and large scale integrated circuits (LSIs) and shadowmasks for colour television Braun tubes.

Net profits were Y10.05bn, up 16 per cent, on sales of Y240.34bn ($1.2bn), up 16.2 per cent over the same period of the previous year. First-half profits per share advanced to Y22.89, from Y20.03.

With the active development of new magazines and steady growth of book publishing, sales from this sector gained by 22.7 per cent to account for 19.5 per cent of the total.

Micro-product business, such as photomasks and shadowmasks, provided a major boost for the commercial printing side, up 23.9 per cent to account for 43 per cent of turnover.

The paper containers and special printing division experienced slow sales growth, up 5.7 per cent to account for 37.5 per cent of the total, because of weaker demand for packing materials as a result of a slowdown in personal spending, although there was an increase in the use of paper containers in industry. Rises in the cost of paper, ink, film and solvents were offset by the effects of mass production and rationalisation.

In the current half year to May, the company expects sales on the micro-product side to increase by about 30 per cent. For the full year operating profits are expected to reach Y40.5bn, up 8 per cent. Net profits are forecast at Y20bn, up 9.6 per cent, on prospective sales of Y481bn, up 13.4 per cent over 1979-80.

Based on the prospect of an improvement in full-year earnings, the company has increased its interim dividend by Y0.5 to Y10.00.

Exchange gains boost Toray Industries

By Our Financial Staff

TORAY INDUSTRIES, the Japanese producer of synthetic fibres has reported a rise in consolidated net income for the half-year ended September 30 to Y15.88bn ($75m) from Y5.05bn

The sharp increase in first-half net income was helped by foreign exchange profits of Y6.63bn compared with Y6bn of foreign exchange losses a year earlier.

The company also expects some foreign exchange profits in the second half, although they will be smaller.

Toray forecasts that consolidated net income for the full year to March will increase by 58.3 per cent to reach Y26bn ($122m), on estimated sales of Y680bn ($3.19bn), an increase of 12.4 per cent on the Y605bn of 1979-80.

The projected net income advance results from large foreign exchange profits and a continuing strong sales performance, Toray said.

First-half sales of fibres and textiles increased by 14.4 per cent over the corresponding period of 1979, to reach Y234.7bn ($1.1bn).

● Japanese motor industry investment in Australia between now and 1986 will total A$450m (US$532m), Mr. Phillip Lynch, the Australian Industry Minister said, reports Reuter from Tokyo.

Investment by Toyota will total about A$40m from 1981 to 1983 and will include the expansion of Toyota's aluminium casting plant at an estimated A$18m.

Higher interim payout at APM

BY JAMES FORTH IN SYDNEY

AUSTRALIAN PAPER Manufacturers (APM) has raised its interim dividend after a 22 per cent rise in group profit for the December half-year.

The diversified paper, packaging and timber group boosted its earnings from A$19m to a record A$23.2m (U.S.$27.3m) in the half, and has increased the interim dividend from 5.5 cents a share to 6.5 cents. Last year, APM paid a final of 8.5 cents lifting the annual payout from 11 cents to 14 cents a share.

APM directors said the company's drive to improve production efficiency and to increase sales was mainly responsible for the rise. The latest result was encouraging, they added, given the increasing inflationary and competitive pressures in the economy and in export markets in the U.S. and Europe.

Sales for the half year rose 14.3 per cent from A$314m to A$359m (U.S.$422m). The directors said that they expected continued sales growth in the current half, and aimed for significantly higher earnings for the full year.

APM was well placed to participate in major projects to supply local and overseas markets, based on the pine and eucalyptus forest resources in Australia, including those owned by the company. Australia was one of the few countries where there were significant softwood/hardwood plantations and forests available on a cost competitive basis to meet the steadily increasing world demand for a wide variety of forest products, APM said.

The group had several projects under consideration to utilise forest and fibre resources. It is expected that a decision will soon be made on a proposed A$200m expansion of APM's pulping capacity at the Maryvale mill in Victoria. APM was continuing investigations into the establishment of a large scale export pulp mill in Queensland in conjunction with MIM Holdings, the base metal miner, and the Government-owned State Government Insurance Office of Queensland.

Two smaller export oriented pulping projects, one in New South Wales and one in South Australia, were under consideration.

The total completed capital cost of these projects would be more than A$900m. APM is also moving into minerals and energy resources and has tendered, in conjunction with major Japanese mining and trading houses, for the Winchester South steaming coal deposits in Queensland. The company had also applied for two brown coal exploration licences in Victoria and was searching for coal in South Australia.

It was also considering several other prospects in the minerals and energy area, other than coal, the company said.

In the half-year, the group's freehold land and improvements were revalued, resulting in A$41m addition to the asset revaluation reserve.

Strike curbs Alcoa Australia earnings

BY OUR SYDNEY CORRESPONDENT

A SIX WEEK industrial dispute affected Alcoa of Australia, the integrated aluminium group, in 1980. Pre-tax profit actually fell slightly but a drop in the tax charge enabled the company to report a 2.4 per cent increase in net profit from A$94.9m to A$97.2m (US$115m)

Pre-tax earnings slipped from A$188.7m to A$183.8m, but tax fell from A$94m to A$87m, because of investment allowances claimed on the group's A$100m expansion of its Point Henry aluminium smelter in Victoria.

The strike prevented Alcoa's profit breaking through the A$100m level, the directors said. The result was also affected by a marked softening in the markets for both alumina and aluminium in the second half, but Alcoa is pressing ahead with plans for further alumina and aluminium processing. Sir Arvi Parbo, the chairman, said yesterday that the strike was now behind the group and, although no great rise could be expected in the world price of aluminium this year, the outlook for the two years after 1982 was still very promising.

Group sales rose by 13 per cent from A$650m to A$736m (US$870m) in 1980 but this was mostly accounted for by increased prices. The increases failed to match higher costs, and profit margins declined.

The effect of the strike and the downturn in world markets was demonstrated in the second-half results. In the first-half earnings rose by 36 per cent from A$44.8m to A$61m but dropped by 38 per cent from A$50.1m to A$36.2m in the second six months.

VONTOBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	13.1.81	20.1.81	AVERAGE YIELD	13.1.81	20.1.81
DM Bonds	93.16	92.76	DM Bonds	9.180	9.187
HFL Bonds & Notes	93.88	93.58	HFL Bonds & Notes	10.167	10.226
U.S. $ Strt. Bonds	86.22	85.75	U.S. $ Strt. Bonds	12.456	12.564
Can. Dollar Bonds	88.11	88.54	Can. Dollar Bonds	12.660	12.580

Coal loader interest for NSW

BY OUR SYDNEY CORRESPONDENT

THE NEW SOUTH WALES Government plans to take an interest in a company to be formed to finance and build the state's third coal loader. The A$500m (U.S.$590m) loader is planned for Newcastle, where Port Waratah Coal Services, owned by a group of coal exporting companies, already operates one of the state's two loaders. The NSW Government plans to build the new loader, and has approved the $A230m first stage.

It is planned by the Government that it will have a 20 per cent equity interest in the loader, with private enterprise holding the other 80 per cent.

The Premier, Mr. Neville Wran said this week, that Port Waratah Coal, which had offered to build and operate the third loader at its own expense, would not automatically be granted the 80 per cent equity.

Kooragang Island in Newcastle Harbour is to be the site of the loader. Stage one will process 15m tonnes a year and the loader will be designed so that it can be expanded to handle 50m tonnes annually. All companies which currently ship coal through Newcastle or plan to do so in the future will be allowed to seek equity in the new loader, Mr. Wran said.

Dow 6 lower at mid-sesssion

TUESDAY'S sharp late-afternoon fall on Wall Street was extended yesterday morning in moderate trading as investors continued to worry about the direction of interest rates.

The Federal Reserve indicated again by dealings in the Government Securities market early yesterday that it does not want interest rates to fall very much.

Analysts said the market is suffering from a lack of leadership, with recently strong Defence, Energy and Technology stocks in retreat.

After falling 20 points the previous day, the Dow Jones Industrial Average declined 5.97 more to 944.71 at 1 pm. The NYSE All Common Index was 55 cents weaker at $75.07, while losses exceeded advances by a two-to-one margin after volume of 28.19m shares, against *Tuesday's 1 pm figure of 25.91m.*

RCA lost ½ to $28⅛ on reduced December-quarter results. Georgia **Pacific** reported lower final-quarter net profits but picked up ½ to $26.

Boise Cascade's fourth-quarter profits were higher and it tacked on ½ to $34⅞, while **Prime Computer**, whose December-quarter net earnings nearly doubled, edged up ¼ to $33⅞.

Chesebrough-Pond's slipped ½ to $31⅞ and **NCR** lost 1⅞ to $62⅞ *in spite of both raising their dividends.*

Eastman Kodak dipped ⅝ to $69⅝. The company said an inventory accounting change will cut 1980 net profits by $130m or 80 cents a share.

THE AMERICAN SE Market Value Index lost a further 2.87 at 342.41 at 1 pm. Volume 3.40m shares (3.35m).

Oils were mostly weaker. Volume leader **Houston Oil** dipped ¾ to $51. A block of 100,000 shares were traded at $51. **Gulf Canada** lost ½ to $20⅜ and **Ranger Oil** ¼ to $16⅜.

Canada

Golds generally gained ground but Canadian markets were otherwise mixed to easier at midday. The Gold Shares Index rose 102.5 to 4,349.2 at noon but the Toronto Composite Index was 1.1 softer at 2,243.9 and Oil and *Gas was off 22.1 at 4,448.2.*

Among Gold Minings, **Dome** *Mines gained 2 to $98,* **Campbell Red Lake** 1⅛ to C$65⅝, **Panmour** ⅜ to C$19 and **Camflo** ⅜ to C$33⅜.

Gulf Canada, the most active Industrial, slipped ¼ to C$24⅜ on 72,625 shares in Toronto, while **Hiram Walker** lost ⅛ to C$29½, but **Canadian Pacific** gained ⅛ to C$40⅛ and **CP Enterprises** ⅛ to C$23⅛.

Closing prices for North America were not available for this edition.

Tokyo

Fresh selective buying by foreign investors, such as European pension funds, took Light Electricals and a number of other Blue Chips and Populars sharply higher *in further active trading,* but other issues fluctuated with *no clear trend.*

The Nikkei-Dow Jones Average advanced 25.35 to a record high *of 7,315.33*, while the Tokyo SE Index gained 1.55 to 508.70. However, rises held only a small lead over falls on the First Market section by 359 to 324 *following a* turnover of 430m shares, similar to Tuesday's 440m.

Pioneer Electronic moved ahead Y170 to Y2,810, **TDK Electronics** Y110 to Y3,730, **Sony** Y40 to Y3,240, **Olympus** Y80 to Y1,470, ***Fuji Photo Film*** Y27 to Y984, **Konishroku** Y35 to Y545, **Green Cross** Y70 to Y1,730 and **Takeda Pharmaceutical** Y12 to Y731.

Nippon Columbia climbed Y49 to Y789, **Toppan Print** Y27 to Y500, **Nippon Gakki** *Y19 to Y828* and **Fuji Electric** Y27 to Y291.

However Trading Houses and some speculatives were easier, while Large-Capitals, such as Steels, Shipbuildings and Heavy Electric Machine, were mixed. **Hitachi Shipbuilding** put on Y2 to Y199 but **Kawasaki Heavy** shed *Y4 to Y196.*

Paris

Shares mainly declined in moderate activity. The gloomy tone was said to be a reaction to the unexpected weakness on Wall Street on Tuesday, *and a* quarter-point increase in the French *Call Money Rate* to 10⅞ per cent. Falls outpaced gains *in a ratio of three-to-one in the* French section.

However, Banks, Portfolios, Stores and Metals showed some resistance to the lower trend, while Foods and Transportation issues were mixed.

Among Oils, *Elf Aquitaine fell* FFr 34 to FFr 1,183. **Afrique Occidentale** *shed FFr 7* to FFr 453: the price variation *shown yesterday was incorrect.*

Germany

Narrow mixed movements were the order of the *day* after another small business, although *some foreign* buying was noted and a few issues *stood out firmly.* **Deutsche Bank**, after weakening DM 3.90 on Tuesday, advanced DM 4.50 to DM 279 on substantial turnover. Further speculative buying in **Preussag** lifted the price DM 1.80 to DM 133.80.

Among Machine *Manufacturers* **Linde** improved DM 2.30 to *DM 310.80 and* **KHD** DM 1.30 to DM 183.50.

The Domestic Bond market was steadier, with just minor movements in either direction. Underlying sentiment was *helped to* some degree by suspicions that *the Bundesbank may* relax minimum reserves requirements at today's central bank council meeting and release funds which may to some degree be used by banks in the Bond markets. Intervention sales and purchases *by the Bundesbank* cancelled each other out, another sign of the market's stability, after net purchases totaling DM 4.2m on Tuesday.

Hong Kong

The market retreated sharply in another moderate business, with the Hang Seng Index closing down 45.60 at 1,546.06.

The overnight setback on Wall Street and uncertainty over how Iran *will dispose of its unfrozen* assets prompted profit-taking, which increased as the session *progressed.*

Jardine Matheson lost HK$1 to HK$25.30, **Hutchison Whampoa** 90 cents to HK$18.80, **HK Bank** and **HK Land** 70 cents each to HK$22.20 and HK$32.80. **Cheung Kong** 50 cents to HK$35.75, ***HK Electric*** *35 cents to HK$7.80,* and **HK Wharf** 60 cents to HK$9.90. But *Swire* ***Pacific A****, strong of* late, added 10 cents to HK$15.10.

Australia

With sentiments further depressed by Wall Street's sharp overnight retreat and fresh falls in key metal prices, most shares in the Minings and Oils sectors continued to weaken yesterday, *while Industrials displayed* an easier tendency.

The Australian All Ordinaries Index finished 4.7 lower at 682.0, making a loss of 46 points since January 7. However, scattered buying near the close raised hopes that prices were beginning to consolidate.

A strong exception in the Oil and Gas group was Santos, which *rose 40 cents to A$17.80* following news of a two-for-one bonus issue and an oil show at the Moorari No. 3 well in the Cooper Basin.

Strata Oil, expected to report on the Woodada No. 3 well today, *put on 20 cents to A$4.40* at one stage but fell to close at A$4.15, a net loss of 5 cents.

Crusader Oil declined 16 cents to A$5.74, **Central Pacific** 30 cents to A$7.00 and **Jervois** 50 cents to A$8.00.

Overall market leaders **BHP** dipped 40 cents to A$15.45, while among Minings, **Pancontinental** lost 20 cents to A$10.60, **Peko-Wallsend** 20 cents to A$8.60, **EZ** *30 cents to A$6.80* and **Queensland Mines** 60 cents to A$9.20 but **MIM** *recovered* 5 cents to A$4.

Johannesburg

Gold shares edged further ahead in another quiet session on mainly local buying. **Western Deep** put on R3 to R65, while ***Kloof*** *were also notable for a* gain of R2 to R39.

NEW YORK

Stock	Jan. 20	Jan. 19
Cities Service....	47½	47¼
City Investg.....	31¾	31⅝
Clark Equipment	35	35⅜
Cleve Cliffs Iron.	33½	33
Clorox..........	10⅞	10⅞
Cluett Peaby	9⅞	10⅛
Coca Cola......	34¼	34⅝
Coca Btl. NY ...	9¼	9¼
Colgate Palm.....	14¾	15
Collins Aikman .	9½	9⅝
Colt Inds	46½	46½

Stock	Jan. 20	Jan. 19
Geosource......	55	56¾
Gerber Prod.....	27½	27⅝
Getty Oil.	89½	88½
Giddings Lewis..	35⅞	36¼
Gillette	28⅞	29¼
Global Marine. ..	64¾	69¼
Goodrich (BF)....	23	23
Goodyear Tire....	17⅜	17⅞
Gould	26⅛	26⅞
Grace...	54¾	56½
Grainger (WW) ...	35	35½

Stock	Jan. 20	Jan. 19
McLean Truckg.	8½	
Mead	25¾	
Media Genl.. ..	29⅝	
Medtronic.. ..	40	40
Mellon Natl.. ..	31½	31⅞
Melville..	38⅝	39⅝
Memorex.	10⅞	11½
Mercantile Sts ..	36⅝	36⅝
Merck.	82½	84½
Meredith	49¾	50½
Merrill Lynch.....	33½	34½

Stock	Jan. 20	Jan. 19
St. Joe Minls .	29¾	30⅛
St.Paul Cos	38½	38½
St.Regis Paper ..	34	34½
Sante Fe Inds...	101¼	102⅛
Sante Fe Intl. ..	53½	56
Saul Invest	9½	9½
Saxon Inds.	6½	6½
Schering Plo ...	41	41½

Stock	Jan. 20	Jan. 19
Wisc Elec Power	23⅝	25½
Woolworth	4½	25⅛
Wrigley	35½	36
Wyly	15⅞	14
Xerox..	56	57½
Yellow Frt Sys....	5⅝	15¾
Zapata	34¼	35¼
Zenith Rad......	16⅞	17⅛

CANADA

Stock	Jan. 20	Jan. 19
Abitibi	23¾	24
Agnico Eagle.....	14⅞	15⅜
Alcan Alumin ..	39	40
Algoma Steel.. ...	39½	39¾
Asbestos.	29¾	29¾
Bk Montreal	32	32⅜

BELGIUM (continued)

Jan. 21	Price Frs.	+ or —
Petrofina..........	5,020	—50
Royale Belge.....	4,410	—40
Soc Gen Banq. ...	2,115	+15
Soc Gen Belge ...	1,172	—2
Sofina.	2,925	+25
Solvay.	2,450	—30
Traction Elect. ..	2,120	—5

HOLLAND

Jan. 21	Price Fls.	+ or —
ACF Holding......	72	—0.8
Ahold............	69.8	—0.7
AKZO............	17.1	—0.1
ABN	275	......
AMEV	91.5	—0.5
AMRO	57	—0.5

AUSTRALIA

Jan. 21	Price Aust. $	+ or —
ANZ Group	4.35xc	+0.85
Acrow Aust	1.00	......
Allstate Expl	1.55	......
Ampol Pet	1.72	—0.01
Assoc. Pulp Pap.	2.20	—0.05
Audimco	0.22	......
Aust. Cons. Ind...	2.15	......

JAPAN (continued)

Jan. 21	Price Yen	+ or —
Kubota............	360	+4
Kumagai.........	368	
Kyoto Ceramic..	3,240	+40
Lion.............	634	+8
Maeda Cons......	490	
Makita	972	+12
Marubeni........	376	+1

DENMARK — FRANCE — ITALY — NORWAY — SWEDEN — SWITZERLAND — GERMANY — AUSTRIA — BELGIUM/LUXEMBOURG — HONG KONG — SINGAPORE — SOUTH AFRICA — BRAZIL

Financial Rand US$0.81 (Discount of 31½%)

Indices

NEW YORK —DOW JONES

	Jan. 20	Jan. 19	Jan. 16	Jan. 15	Jan. 14	Jan. 13	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	950.68	970.99	973.28	963.37	966.47	965.10	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.66	65.53	65.51	65.76	65.77	65.10	76.61 (25/6)	60.56 (16/12)	—	—
Transport..	394.58	405.55	401.38	396.10	389.56	387.18	425.68 (26/11)	235.93 (27/5)	425.68 (26/11/80)	12.23 (8/7/32)
Utilities ..	113.88	114.35	113.22	112.60	112.36	112.43	117.81 (5/1/81)	95.04 (27/3)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	41,750	36,470	45,260	39,640	41,390	40,890	—	—	—	—

◆Day's high 975.94 low 948.55

	Jan 16.	Jan. 9	Jan. 2	Year ago (approx)
Ind. div. yield %	5.58	5.61	5.59	6.40

STANDARD AND POORS

	Jan. 20	Jan. 19	Jan. 16	Jan. 15	Jan. 14	Jan. 13	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls ..	149.40	152.64	153.20	152.60	151.73	151.50	160.96 (28/11)	111.09 (27/3)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	131.65	134.37	134.77	134.22	133.47	133.29	140.52 (28/11)	98.22 (15/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Jan. 14	Jan. 7	Dec. 31	Year ago (approx)
Ind. div. yield %	4.45	4.39	4.36	5.11
Ind. P/E Ratio	9.41	9.52	9.56	7.95
Long Gov. Bond Yield	11.75	11.52	11.86	10.39

N.Y.S.E. ALL COMMON

Jan. 20	Jan. 19	Jan. 16	Jan. 15	1980/81 High	1980/81 Low
75.61	77.10	77.35	76.99	81.02 (28/11)	55.30 (22/1)

Rises and Falls	Jan. 20	Jan. 19	Jan. 16
Issues Traded ..	1,675	1,916	1,900
Rises.	367	731	879
Falls	1,180	762	637
Unchanged.	328	425	384
New Highs.. ..	32	41	42
New Lows......	11	5	6

MONTREAL

	Jan. 20	Jan. 19	Jan. 16	Jan. 15	1980/81 High	1980/81 Low
Industrials	374.16	374.87	375.19	373.14	425.60 (29/2)	[illegible] (27/3)
Combined	(u)	354.62	355.44	353.29	379.96 (20/10)	238.90 (27/3)
TORONTO Composite	2245.0	2252.7	2266.3	2257.5	2402.2 (26/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Sony	914,100	16⅛	—
IBM	536,200	64⅝	—1⅝
Sears Roebuck	426,500	15⅝	—¼
LTV	299,900	18⅝	—½
Am. Tel. & Tel.	345,800	50	—1
Crum & Forster	342,700	22⅝	—¼
Occidental Pet	312,200	31⅝	—2
Mobil	307,100	78⅝	—2
City Investing	293,800	31⅝	—½
Digital Equipmt.	284,100	63⅝	—⅝

	Jan. 21	Jan. 20	Jan. 19	Jan. 16	1980/81 High	1980/81 Low
AUSTRALIA						
All Ord. (1/1/80)	[illegible]	685.7	691.4	687.5	746.2 (17/11)	509.1 (5/1/80)
Metal & Minrls. (1/1/80)	643.4	649.7	667.9	676.4	916.9 (17/11)	492.3 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	64.54	64.39	64.65	64.20	69.40 (7/1/80)	64.59 (20/1/81)
BELGIUM						
Belgian SE (31/12/63)	65.19	65.57	64.66	65.07	105.75 (11/2)	82.42 (7/1/81)
DENMARK						
Copenhagen SE (1/1/73)	100.14	100.36	100.36	100.36	100.36 (19/1/81)	74.75 (5/3)
FRANCE						
CAC General (29/12/61)	105.5	106.2	105.9	106.9	120.5 (5/11)	87.1 (5/1/80)
Ind Tendance (31/12/80)	98.2	97.1	97.5	97.5	100.0 (31/12/80)	96.1 (6/1/81)
GERMANY						
FAZ-Aktien (31/12/58)	221.75	221.85	221.87	222.95	253.89 (26/2)	212.75 (28/5)
Commerzbank Dec. 1953	693.9	664.7	659.5	690.0	749.2 (26/2)	667.0 (27/5)
HOLLAND						
ANP-CBS General 1970	[illegible]	87.2	87.5	87.5	92.8 (21/11)	74.0 (27/3)
ANP CBS Indust. 1970	64.2	64.7	66.2	64.9	69.2 (11/1/80)	56.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1546.06	1591.66	1591.14	1615.47	1654.67 (15/1)	725.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	[illegible]	[illegible]	155.05	156.12	193.05 (9/10)	95.11 (2/1/80)
JAPAN						
Dow Average (16/5/49)	7315.33	7289.98	7295.08	7255.66	7315.33 (21/1/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	508.70	507.15	507.50	503.45	508.70 (21/1/81)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	121.97	125.00	122.22	120.61	144.70 (14/2)	118.12 (28/3)
SINGAPORE						
Straits Times (1966)	704.75	727.28	705.54	702.84	727.70 (21/11)	459.75 (5/1/80)
SOUTH AFRICA						
Gold (1958)	(u)	955.2	931.2	996.9	1026.1 (22/9)	496.5 (16/5)
Industrial (1958)	(u)	536.7	539.2	532.9	660.5 (5/11)	436.0 (2/1/80)
SPAIN						
Madrid SE (30/12/80)	104.20	104.05	(c)	102.57	104.50 (21/1/81)	100.0 (30/12/80)
SWEDEN						
Jacobson & P. (1/1/58)	412.43	404.17	425.38	424.07	427.67 (6/1/81)	354.72 (17/1/80)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	287.0	286.5	287.1	288.2	317.9 (11/2)	275.0 (28/5)
WORLD						
Capital Intl. (1/1/70)		157.3	158.3	158.9	164.8 (20/11)	129.5 (27/3)

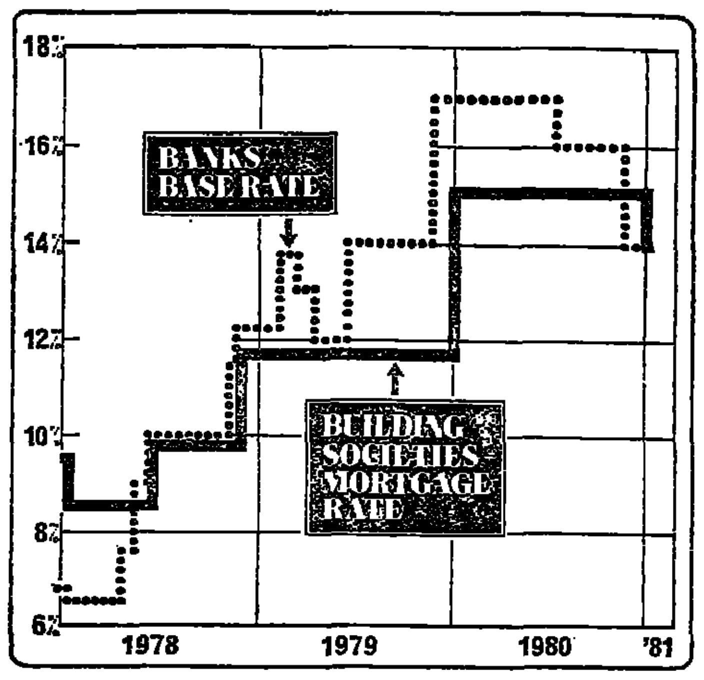
Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50: Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed u unavailable.

FINANCIAL TIMES SURVEY

Thursday January 22 1981

Building Societies

With competitive pressures increasing on both flanks of their operations — savings deposits and home loans — the building societies are facing greater challenges than at any time in the movement's long history. They are responding with calm assessment, but it is clear that the situation will require some radical rethinking on their part.



Rising tide of change

By Michael Cassell

THE BUILDING societies appear to be heading into a period of fudamental change, during which their traditional position of dominance in the personal savings and housing finance markets will come under increasing pressure.

The societies can be excused for feeling vulnerable and if they are looking for clues as to the sort of future they can expect they might do well to consider the implications of a speech made in London last week by the deputy governor of the Bank of England.

In explaining the Government's recent decision to tap the funds of the personal savings sector, which has the largest accumulation of monetary and near-monetary assets, Mr. C. W. "Kit" McMahon spelled out what may lie ahead.

The Government's strategy, broadly aimed at securing an improved pattern of finance between the various sectors of the economy, will involve the end of a restrictive approach towards the field of housing finance, which has in the past created more instability and distortions than it has ever solved.

It was arguable, Mr. McMahon said in his Institute of Bankers speech, that the authorities should "now face the consequences of competition by adapting to it" and this was the logic behind present Government efforts to compete for funds in the personal savings sector.

Success in that direction would, Mr. McMahon added, reduce the likelihood—with all its inflationary connotations—of an "excessive expansion" of funds into housing, though the societies may prefer to see any government triumph in this respect as meaning harder times ahead for hopeful home buyers.

The deputy governor conceded that the result of such competition could be higher mortgage rates on average than those which prevailed in the 1970s, but he pointed out that any upward pressure on interest rates brought about by such an approach would to some extent be offset by competition to lend. The recent 15 per cent-plus mortgages rates had, in any case, probably altered house owners' perceptions of what was an acceptable level of pre-tax mortgage rates.

Moreover, if building societies in a more competitive climate were to change to a system which adjusted more promptly and fully than in the past to movements in market interest rates (a regular but untried suggestion) then a steadier flow of funds into housing finance should be established.

The sum of Mr. McMahon's remarks adds up to yet another official indication that the ground rules for the building societies are changing and that their position in the personal savings and housing finance markets will in future be harder to maintain.

Analysis

It is a challenge which the societies recognise and which they have already considered at length. Their own analysis of prospects for the next decade concluded that the personal savings sector could provide all the funds they required to meet foreseeable mortgage demand, so long as they adopted a fully competitive approach to the question of raising money and, in turn, the public responded well to the theory of readily available mortgage money at a realistic cost.

The societies' confidence that personal savings will provide them with all the funds they require may, however, have been weakened in the light of the Government's more recently declared intention to consider this area as a legitimate target for its own money-raising efforts. As one building society executive put it: "The Government's first attempts at tapping the savings market may not have started as well as had been expected but they have the upper hand. If they are determined enough, they could make life for us very difficult indeed."

The challenge to the societies is not likely to be confined to the Government's courtship of the personal savings sector. For while the prime source of building society funds is under attack, so too is the mortgage lending market.

The efforts being made by the clearing banks to penetrate the mortgage market on a much more serious and sustained basis have been well publicised, though so far their impact remains very limited.

No longer, however, can they be cast in the role of lender of last resort or of large sums only. The fact that a clearing bank can claim to be offering medium-sized mortgages at rates broadly in line with those being charged by the societies illustrates just how the scene has been changing.

The banks' targets for ordinary mortgage business remain modest and the degree of enthusiasm for attracting customers of this type varies substantially, but the societies can no longer afford to overlook their presence and their potential.

Bank lending for house purchase has been rising sharply and some executives close to the heart of the building society movement are prepared to admit that the banks could, within the next few years, take up to one-third of the total mortgage market, especially now that the Government has abolished corset controls.

Temporary

Some societies have suggested that the banks' new mortgage lending initiatives represent at best a temporary interest which will in any case not be sustained because they are being subsidised by other operations. The banks, however, say they are in the market to make money and there seems little doubt that there is scope for them to reduce their rates in relation to their base lending rates and still realise a profit.

In some respects the societies have brought increasing competition on themselves. Their continuing efforts to prise as much money as possible from the personal savings sector and to try and introduce a sorely needed element of stability into that supply has gradually pushed up the comparative cost of mortgage finance — to the point where huge numbers of home buyers are having to pay a differential on top of the recommended mortgage rate.

The societies' concern at spreading a limited supply of mortgage finance across the widest possible number of home buyers has also effectively restricted them at the top end of the mortgage market—an area into which they have usually only strayed when customers are less numerous. The narrower the interest rate differential with competing institutions has become and the larger the mortgage requirement of many borrowers has grown, then the nearer competitors have moved.

The banks themselves have continued to argue that they find it difficult to compete with the societies because they enjoy some unfair (to the banks) advantages, notably the composite tax arrangement under which the societies discharge the basic rate tax liability of their investors. Because they pay a reduced rate of tax to take account of the fact that some of their investors are not liable to the basic tax rate they are said to hold a significant competitive advantage over others in the savings market. More favourable corporation tax arrangements and kinder treatment of gilt-edged sales are also regularly cited.

The societies, if they accept that any such help exists, claim the benefits to be marginal and respond by suggesting that the banks too have their own advantages, namely exclusion from some of the many statutory restrictions which limit the lending and investment activities of the societies.

As Mr. Leonard Williams, chairman of the Building Societies Association, pointed out during 1980, if competition between the societies and the banks became so intense that the societies saw their share of the savings and lending markets fall substantially then it would be his industry and not the banks which would be pressing for fiscal neutrality and greater freedom to compete on equal terms.

It may appear something of an irony that Mr. Nigel Lawson, Financial Secretary to the Treasury, last year warned that any moves on the societies' part towards behaving more like commercial financial institutions —surely more likely now given the Government's latest offensive in the savings sector—could call into question some of the special features of the societies' present tax treatment, not least the possibility of their inclusion within a wider framework of monetary control.

Sound

In the short term building societies start 1981 on a sound if unexciting note. The last 12 months proved disappointing in some respects, with the societies having to cope with high interest rates and the total number of home loans declining to their lowest level since 1975.

The home loans industry likes neither high nor volatile interest rates and the Government's stated intention to use the interest rate mechanism as the main means of controlling the expansion of credit could force upon the societies the more flexible approach they have regularly discussed.

The need for a more dynamic response to competition may well make it necessary for the societies to examine closely the arrangements under which the interest rates they pay and charge, as well as the nature of the savings and loan facilities they offer, are determined.

That process has already begun, with the rate structure operated by societies in the process of transformation into a looser form. The way the present interest rate "cartel" operates has been increasingly criticised and it may well be that significant changes, within a framework of building society co-operation, may be on the way.

If the societies are to hold on to a position which has taken many years to build up, then they will have to employ many of the characteristics which their critics accuse them of lacking. Innovation, adaptability and an appreciation of their wider role in the economy will be vital if they are to succeed.

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Good for first-time buyers

HOUSE PRICES

ANDREW TAYLOR

FORECASTS OF a return to sharply rising house prices in 1981 are no more than wishful thinking by some UK housebuilders. There is very little likelihood of a fresh surge in prices unless there is a rapid improvement in the country's economic outlook.

Flagging confidence in employment and wage prospects seem likely to continue to depress purchasers' willingness to pay higher prices for their homes, as happened in 1980—even though the market has moved significantly in favour of the first-time buyer as wage increases have outstripped the rise in house prices over the past 12 months.

Figures published this month by Nationwide Building Society show that on average UK house prices increased by less than 9 per cent during 1980. Over the same period average earnings increased by almost 20 per cent while retail prices rose by around 15 per cent.

According to Nationwide the cost of an average home at the end of last year represented around 3.3 times average earnings—re-establishing what most building societies, historically, regard as the "normal" relationship between prices and earnings for a stable housing market. At the end of 1979 the cost of an average house was 3.69 times average earnings.

The rate at which wage increases have outstripped the rise in house prices since the first quarter of 1980 would appear to suggest that the stage is now set for a renewed surge in house prices during 1981. There are other factors, however, which seem likely to dampen down the fires of house price inflation during the coming months.

Rising unemployment and the prospect that real wages will fall in 1981—according to current economic forecasts—may be telling factors in inhibiting house price movements, while there is also a good deal of slack to be taken up in the housing market as a result of people postponing house moves in 1980.

Because of this, most realistic observers of the UK housing scene are forecasting that house price increases during 1981 will be around 10 per cent while any recovery in market confidence in the coming months is likely to be reflected by a greater volume of transactions rather than by sharp rises in prices.

Building societies are already forecasting a sharp increase in the number of house purchases they expect to finance this year. In 1980 mortgage advances by societies slipped to 670,000—the lowest level for five years—compared with the 715,000 advances made in 1979 and the record 802,000 made in 1978.

A recovery in mortgage demand was signalled in the third quarter of last year when there was a sharp rise in the number of advances and new loans promised by building societies in October and November—back to the levels prevailing in the corresponding months in 1979, at the end of the last house price boom.

At the same time estate agents operating in the South East have reported a significant upturn in housing demand during the closing months of 1980, compared with earlier in the year.

However, while the level of activity in the housing market is expected to rise significantly in 1981—although the number of building society advances is not expected to match 1978 levels—forecasts of a return to sharply rising house prices appear premature at this stage.

Most society managers do not expect any significant acceleration in the rate of house price increases until 1982, while the more cynical expect a house price boom in 1983 in what should be the run-up to the next general election.

The joker in this particular pack of forecasts, however, will be the timing and extent of the next fall in general interest rates, which should herald further cuts in the mortgage rate—presently still at its second highest level ever.

An earlier and sharper fall in in mortgage rates in 1981 than many observers are currently forecasting would bring forward the next upswing in the house price cycle, although it must be said that the immediate outlook for further significant cuts in interest rates is not encouraging.

Dampened

An additional factor to be taken into account when considering likely future price movements is the exent to which people's inflationary expectations may have been dampened by their experience of the housing market over the past 12 months.

Recent evidence from estate agents suggests that prospective sellers are now taking a much more realistic view of market prices than many did in 1980—when asking prices were often pitched too high for the liking of would-be purchasers and sales became bogged down because of the stubbornness of sellers to adjust to a more depressed house-price climate.

What impact rising building costs have on short-term price movements is more questionable. Early indications for this year, however, are that house building costs will rise much more slowly in 1981 than in the previous two years.

According to a recent survey conducted jointly by the Royal Institution of Chartered Surveyors and Building magazine the cost of building a new home—excluding land costs—rose by only 0.8 per cent in the last quarter of 1980 compared with a rise of more than 17 per cent in the first nine months of the year.

But a faster rate of growth in labour and material costs is expected to occur in the next few months as a result of wage settlements and rises in material prices, which have been delayed and which are now expected to work through.

Even so, the rise in building costs for 1981 as a whole is expected to be significantly less than last year when costs rose by 18.1 per cent, or in 1979 when costs increased by 19.3 per cent.

What impact a higher level of house purchase demand and a lower rate of increase in building costs will have on private housebuilders also remains to be seen. Last year the number of new homes started by private builders is estimated to have fallen to around 100,000—compared with 141,000 in 1979 and 157,000 in 1978.

Most forecasts indicate that private housebuilding activity will rise only marginally this year as the recession in the construction industry deepens. There have been suggestions from some quarters, however, that the recent rising level of house purchases will lead to a greater building programme in 1981 than current forecasts suggest.

Much will depend upon the extent to which recent housing demand is merely reflecting moves between existing households which were postponed last year and whether this will spill over into increased demand for new homes.

But for the first-time buyer there has seldom been a better time to buy than the present, with a wide range of property on the market, house prices relatively depressed and with mortgage money at the building societies more readily available than for some years.

Prospective purchasers may be well advised, however, to buy their property sooner rather than later, given recent warnings from building society managers that mortgage money may become less easily available later in 1981. The managers fear that Government plans to raise around £3bn from the personal savings sector in 1981-82 will attract money that would otherwise be expected to come to, or remain in, building society accounts.

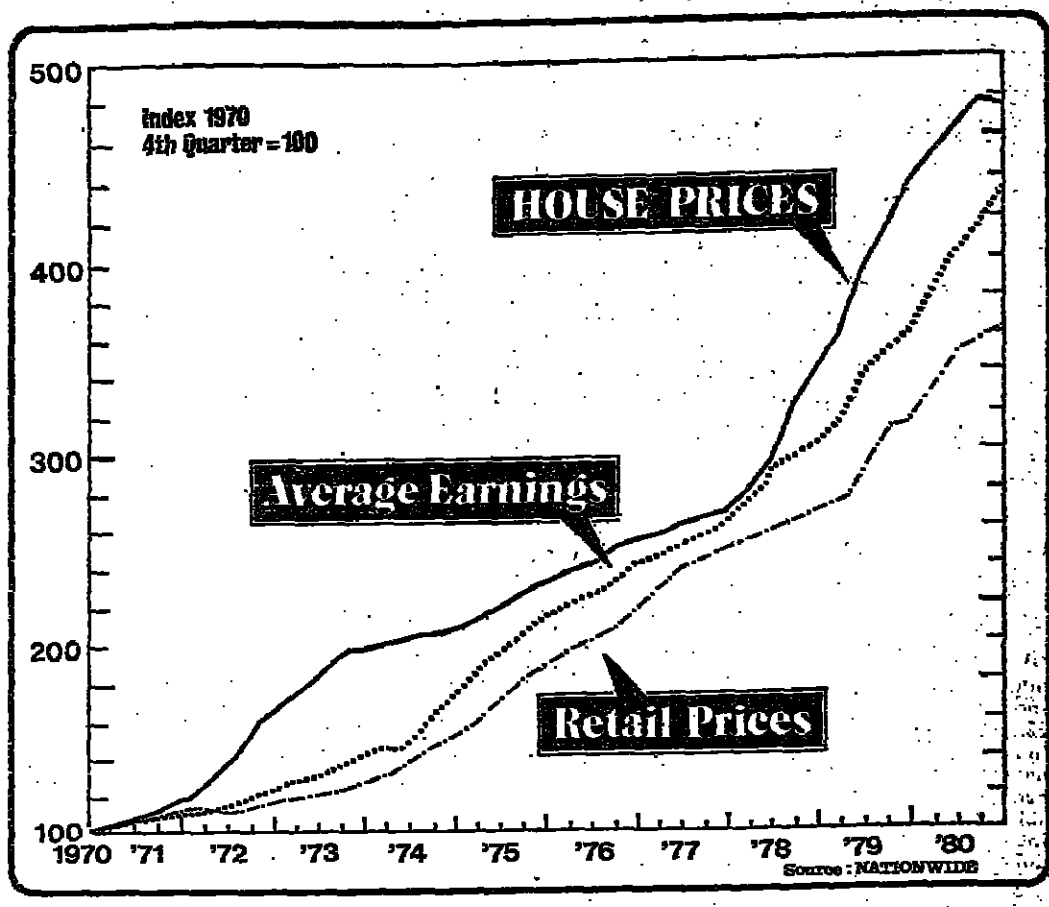
So far, concern that Government fund-raising plans would have a serious impact on society receipts have not been realised, and society net receipts in December rose to £448m—the second highest monthly total in 1980—despite the launch of a new Government index-linked retirement bond in November. This was designed to raise £1.5bn for the Government by the end of March this year, a target which is now very unlikely to be reached.

Societies, however, are only too well aware that Government can very easily improve the terms of its personal savings investment offers to raise the money it says it requires in 1981-82.

HOME BUYERS—FOURTH QUARTER 1980

Economic Planning Region	Average house price (£)	Per cent change in average prices on: 3rd qtr. 1980	4th qtr. 1979	Average advance (£)	Average income (£)
GLC	29,869	0.1	4.1	18.526	8,231
South East	30.064	0.0	4.2	17.744	8.028
South West	24.604	− 3.6	5.7	15,239	6.903
East Anglia	23.842	1.7	10.7	14,628	7,224
East Midlands	19.830	− 0.6	13.3	13.014	6,507
West Midlands	21.508	− 1.7	2.4	14.377	6,713
Wales	19.075	− 2.3	7.4	12.918	6.563
Yorks/Humberside	18,138	− 0.8	7.7	11,971	6.411
North West	19,705	− 2.0	7.0	13.118	6.422
North	18.163	− 1.5	4.0	12,861	6.629
Scotland	22.207	− 1.0	3.4	15.074	7.570
Northern Ireland	19.209	−16.7	−23.0	12,265	6.660
UK	25.192	− 0.2	5.4	15.753	7.394

Source: Abbey National.



WHAT THE BUILDING SOCIETIES SAY

Mr. Leonard Williams,
Chief general manager,
Nationwide
Building Society

"Stable house prices and the recent reduction in mortgage rates should stimulate activity in the housing market for there is substantial pent-up demand.

"However, there seems little likelihood of a rapid and unacceptable upsurge in house prices in 1981 for there is a great deal of slack to be taken up in the markets for both new and existing houses, while the level of real incomes of most people is expected to fall."

Mr. Clive Thornton,
Chief general manager,
Abbey National
Building Society

"The very real threat of unemployment and short-time working has trimmed the expectations of many buyers and encouraged them to keep their mortgage payments well within the limit. In addition sellers have a realistic attitude towards what their house is worth and are now prepared to drop their price to ensure a sale."

The Abbey, which reported that average prices in the UK had fallen marginally in the fourth quarter of last year, says: "There is likely to be a further small drop in the annual rate of increase in the first few months of 1981 but the traditional seasonal increase in demand will reverse this trend and prices will start rising in the second half of the year."

Mr. Norman Griggs retires next July after 18 years as secretary-general of the Building Societies Association. In the article below he gives his views of the movement's situation and prospects.

'Adaptability the name of the game'

Mr. Norman Griggs

OVER THE past 25 years combined assets of the building societies have increased from £2.24bn to over £50bn and the total number of investment and mortgage accounts from 5m to over 34m. This is a formidable achievement by any reckoning but the reasons are not difficult to find.

The main stimulus for societies to expand has been the insatiable demand for their product—the home loan—and the lack of any serious competition from other lenders. The Rent Acts have forced those seeking homes into either a council tenancy, which is usually difficult to obtain, or owner-occupation and the latter has been made comparatively cheap through tax relief or Government subsidy. The man in the street has seen home-ownership as practically the only hedge against inflation open to him and this has stimulated trading-up.

Until recently the insurance companies and the local authorities were the only real competitors in the mortgage field. The former, however, are generally content to let societies produce the capital if they can secure the endowment business and the Government, as part of its economy measures, has severely cut back local authority house purchase schemes; indeed it has arranged for building societies to help make good the deficiency thus created.

Lower cost

The job of the societies has been to recruit the savings needed to satisfy this giant demand and they have been helped in this by their special tax arrangements which, although providing the same global sum to the Inland Revenue as if savers were taxed individually, has enabled the societies to raise their funds at a lower cost than if a gross rate had been paid. An extensive network of branches and agencies has been established throughout the UK and a machine for harvesting savings has been created which is the most effective of its kind in the world. At any one time it has been difficult to find elsewhere a higher yield on call money or a lower rate on a home loan.

The vital question is how long this success story can continue and this depends on the factors inherent in that success.

What of the demand for home loans? Ten years or so ago some observers believed that this demand was beginning to be satisfied and that the societies would have to seek other outlets for their funds. But this has not come about.

Much of the housing stock is sub-standard and needs to be replaced. There seems to be an inbuilt desire among people to improve their housing standards and this is reinforced by the financial advantage of trading-up. Increases in house prices mean that more and more money is needed to satisfy the same number of borrowers. Although the present recession and comparatively high mortgage rate have damped down the demand, there is no reason to think that the drive towards owner-occupation will decelerate in the 1980s, especially if the Right-To-Buy Scheme is successful in the public sector.

Is the Government likely to make house purchase more expensive by reducing tax relief on mortgage interest? This could well come about—even under a Conservative Government if it came to believe that the cheapness of housing credit was a major factor in pushing up prices. Already the £25,000 limit is starting to bite at the top end of the market. Some critics believe that too much money is going into housing, thereby harming investment in industry, but productive factors are used up only if new houses are constructed and mortgage finance for that purpose represents only some 17 per cent of total lending.

Will the building societies maintain their quasi-monopoly on the lending side? The only serious rivals to emerge in 1980 were the commercial banks (Barclays in particular) and the TSBs, but compared with the £900m currently lent by the societies each month the amount involved is quite marginal and in any event rivals can make a monopolist feel less uncomfortable! Mortgage business is not particularly profitable, especially with political pressures to keep the rates down, and with flexible rates and flexible periods the maintenance of mortgage accounts can be expensive and tedious.

The societies, unlike the banks, are a one-product industry with long experience in the field, with low management costs and no equity holders to consider. Competition in lending seems likely to become serious only if the societies are unable to attract adequate funds.

This leads on to the availability of funds and the competition currently being experienced—with more to come—from National Savings. This is not easy to counter because in the ultimate the Government has the whip hand. But the savings ratio in the economy remains high and it may be that the societies will obtain a smaller share of a larger cake. They have a vast and loyal membership of savers and investors and, given the right rates and attractive schemes, may be able to ensure that the banks bear the brunt of the loss.

One thing is certain—the revitalisation of National Savings will have the effect of keeping building society rates higher than they otherwise would have been and may in time lead to a mortgage shortage. The Government clearly understood this when making its decision, which seems to indicate that housing has lost its priority in its eyes.

Diminished

The banks have been crying for "fiscal neutrality," which in the main means the withdrawal from the societies of the composite rate tax arrangements. In 1981-82 the composite rate seems likely to draw close to the basic rate, which means that its advantages will have diminished. There are voices in the industry suggesting that the time has come for the special arrangements to go and for societies to offer a gross rate to investors which, they say, would be less confusing to advertise and do away with delays in knowing what the composite rate for a given year is. The fact that the question is being asked at all indicates that the special tax arrangements are not as sacrosanct as they used to be, although the cost to the Revenue of individual assessments would be immense.

A natural optimism creeps in when looking into the future but there are few signs that the societies will not continue their progress. Adaptability is the name of the game and societies have shown themselves to be remarkably resilient in coping with gluts and famines of money, extreme volatility of interest rates, Minimum Lending Rate at unheard-of heights and large numbers of borrowers finding themselves out of work. For an institution which is rooted in history and which has been doing basically the same job for the last hundred years, it is remarkable how the framework of its operations has responded so flexibly to the demands placed upon it. There seems to be no good reason why this should not continue.

The Government adds to its heavy presence

THE COMPETITORS

ERIC SHORT

BUILDINGS SOCIETIES need a steady flow of funds from savers to be able to fulfil their function of making mortgages to house buyers available. Until recently the flow of funds has been steady, but with a variable demand for mortgages, at times it has been insufficient to meet demand. Nevertheless there was no real competition for funds until some dramatic moves last year.

The tax advantages and ease and simplicity of investment have attracted small and medium savers to building societies. The clearing banks on their straightforward deposit accounts could not be regarded as severe competitors because of the tax disadvantages.

Last year all this changed. Competition for savings was stepped up by the clearing banks and the National Savings movement. The latter has always posed a threat, because some of the products offer tax advantages to the saver. But National Savings has never really marketed its products to bring home to the saver the tax advantages.

Index-linked National Savings certificates—known as granny bonds—and index-linked SAYE contracts have offered attractive investments to the small saver in times of high inflation such as now. When such issues came on the market, building society investments did suffer from both withdrawals and from lower investment thereafter. Each new National Savings certificate issue has an immediate impact on investment. But the building societies soon recover.

But Sir Geoffrey Howe, Chancellor of the Exchequer, late last year stated that he wants to raise £1.5bn from the public in the current financial year and £3bn in the next full year. He is using all products, and radically lifting the investment limits.

Before this change the limits of investment were pitched so low that no matter how attractive they could pose no real threat. Interested investors soon reached their limit and returned to the building societies. Now the limits have been lifted on granny bonds, SAYE and National Savings holdings. Last week the limit for the investment account, which at present offers 15 per cent gross, was moved from £50,000 to £200,000.

The clearing banks in succession last year launched new forms of savings at attractive rates to lure the saver. The theme of their campaign was to offer high rates of interest for investment over given terms, getting away from the deposit account syndrome with its highly sensitive and variable interest rate.

Severe

Competition was not confined to the UK clearers. The overseas banking groups, notably Citibank and the Royal Trust of Canada, launched similar schemes at high interest rates to attract savers. On paper the competition was severe.

The building societies reaction was reasonably calm. The movement has offered term share investment on attractive rates for some time. Abbey National launched its version of granny bonds—amid certain criticism and misgivings within and outside the movement. Alliance launched one year bonds aimed at the institutional investor. The growth in additional voluntary contribution schemes has been quiet but steady.

But figures issued this week by the building societies show that the competition has not seriously affected the flow of funds into the movement. Savings in December were much higher than expected despite the new granny bond launch in mid-November. For 1980 as a whole savings were marginally higher than in 1979, at £3.67bn against £3.51bn.

But this is likely to be the testing year for the building societies. Mortgage demand was low last year and funds quite sufficient to meet that demand. The building societies still have the in-built advantage of High Street branches open on Saturday mornings, plus the simplicity of operation and the tax advantage. The societies are confident that the flow of funds will continue to be sufficient to fulfil their traditional role of providers of mortgages.

But the banks are now challenging the building societies as providers of mortgages. Last year saw two major clearers, Barclays and Lloyds, enter the mortgage market direct, offering mortgages to the public and prepared to make available quite large sums. Initially it appeared that the banks were going for the top end of the market, filling the gap left by the building societies. The banks were prepared to lend considerable sums above the normal building society limit.

But then the banks lowered their sights and brought their minimum advances down to low levels in direct competition with the building societies. The rates of interest offered were also competitive and would react much quicker than building societies to changes in interest rate levels.

Overseas banks are also moving into this market. Banks now seem to be prepared to lend on a long-term basis, whereas beforehand any lending for house purchase reasons tended to be short-term — bridging finance or house improvements. This competition has been launched at a time when the market is dull and it is still early days to judge its impact. But there is no doubt that over this year the banks will make their presence felt. The question is by how much. Both sides are watching the situation.

Alternatives

Life companies, except for some home service companies and one or two specialists, left the first mortgage market many years ago. They have been coming back into the top-up market steadily in recent years, but this has complemented the functions of the building societies. Now there are indications that some life companies, hit by falling new business, are re-entering the first mortgage market, using bank money to finance their operations.

It is in the consumer's interests for there to be alternative sources of mortgage finance available. It keeps interest rates at a competitive level. But if too many institutions start scrambling for a limited market then interest rates could be depressed, with repercussions on the rate offered to savers. This year is going to be interesting if only to see if the competition grows and becomes a serious threat or simply remains a secondary operation.

Obstacles to entry linger on

PARTICIPATION IN EUROPE

TIM DICKSON

BRANCHES OF the Bradford and Bingley or subsidiaries of the Sussex Mutual will not, after all, be springing up round Europe in the near future. Building society hopes that barriers to cross-frontier operations would soon be swept away were rudely checked by last year's Government announcement that a new Building Societies Bill will not be introduced in this Parliament.

The original Treaty of Rome granted individuals and corporations (including building societies) the right to set up in business or provide services in all member States on the same terms as nationals in those countries. Building societies which aspired to take advantage of this opportunity, however, quickly discovered that their movements were severely limited by UK legislation.

In particular section 1(1), of the 1962 Building Societies Act permits societies to lend only against the security of leasehold or freehold property. And since the concepts of "freehold" and "leasehold" are peculiar to English law and unfamiliar to Europeans there is no way at the moment that a building society can lend on plots of land in Paris or Palermo.

One of the biggest enthusiasts for expansion in Europe is Mr. Clive Thornton, chief general manager of the Abbey National Building Society, which already has an office in Brussels and will shortly be opening a couple of branches for Servicemen, operated by the NAAFI, in W. Germany. "The traditional services of a British building society—the provision of simple and efficient savings and mortgage facilities within one non-profit making corporate body—provide adequate justification for considering operating in the EEC," he says.

Fundamental questions still have to be answered such as what legal form a building society should take on the Continent. Should EEC operations be branches of the UK society or subsidiaries governed by local legal requirements? The EEC Commission appears to favour harmonisation, which would allow UK building societies, as we know them, to work alongside local credit institutions, but most observers point out that many complications would have to be sorted out first.

Another problem arises from the fact that savers in a building society are "shareholders," in other words their money is risk capital. If a building society sets up a branch abroad and share accounts are denominated in local currency shareholders at home and abroad are running a currency risk in the event of a potential liquidation.

The EEC Commission, however, clearly envisages development in two stages. The first is to enable credit institutions to set up in other member States and to carry out housing finance activities with money borrowed and lent strictly within national frontiers. Cross-frontier financing—the second stage—is much further away and involves currency risks which are probably insurmountable until a European monetary union is firmly established—if ever.

The first Directive on Credit Institutions of December, 1977, now incorporated in UK legislation by the 1979 Banking Act, is the first major step on the road to European integration. Building societies have up to now been exempted from the Directive's requirements but at the same time as ruling out its own Building Societies Bill last year the Government made it clear that the Directive will soon be applied, almost certainly in 1981.

Details of the statutory instrument which will bring the new regulations into force have not been made public but broadly speaking they will give effect to the stated objective of the first Directive—namely, to protect savings and to create equal conditions of competition. Mr. Stephen Fielding, assistant secretary of the Building Societies Association, points out that the regulations "will deal with access to the market—answering the question, what must a building society do if it wished to set up in business?"

Although strictly speaking these conditions will only apply to new societies, it seems certain that they will also have to be satisfied by an existing building society.

A building society under the regulations will have to possess its own separate funds and adequate minimum funds, which Mr. Fielding expects to mean its own capital. More interest, however, has focused on what in Europe they call the "four eyes" principle. What the Directive says—and therefore what the regulations will require—is that "there shall be at least two persons who effectively direct the business of the credit institution." These people must be of sufficiently good repute and have sufficient experience.

"So far as one can judge," says Mr. Fielding, "these are primarily rules to govern the management of a society, not the board of directors. There must be, in other words, a deputy who can take the place of the chief executive when he is out of the office and who shares the process of decision making."

This requirement may cause problems for some of the smaller societies where there is in effect only one executive. Although authorisation is not

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Term shares lead battle for savings

INVESTOR APPEAL

TIM DICKSON

THE COMPETITION for savings has seldom been hotter than in the last 12 months. Banks, freed from the restraints of the corset, have launched a number of new schemes to attract term deposits and regular savings. The Government, desperately trying to take pressure off the gilt-edged market by tapping the personal sector, has issued a new tranche of index-linked "granny bonds" for the over-60s, raised the maximum individual holding on the attractive 19th issue savings certificates, and kept the interest rate paid to depositors in the National Savings Bank investment account above others in the market. The building societies, the most successful of the savings institutions at marketing in the 1970s, have continued to offer a variety of flexible and sometimes not so flexible accounts in a bid to attract more customers.

Market share

Societies alone among the major institutions competing for personal funds in the last 10 years have managed significantly to increase their share of the market. But the signs in 1980 were that the banks and National Savings are fighting back fiercely.

Managers mock the Government's efforts to sell the inflation-linked bonds to a wider audience—after all, Post Offices where you have to queue for stamps, dog licences and social security as well as savings certificates aren't a patch on the seductive window displays and friendly service of High Street building society branches. But in the end the movement knows that if the Treasury wants £2bn this year and a further £3bn in 1981-82 it is in a pretty strong position to get it.

With few exceptions, the societies' response to this threat so far has been to keep in step. Mortgage and savings rates recommended by the Building Societies Association (BSA) have for some time now been improved or qualified by individual members — but, glossy advertising and clever marketing notwithstanding, there have been few significant departures from the norm. This is not to say that the battle to attract the investor has been a waste of time — societies which fail to offer a bit of extra interest here or a bit of extra flexibility there do so at their peril.

The prime strategy of building societies in the last couple of years has been to promote term shares, which effectively gives their deposit base increased stability. Their main purpose is to offer attractive opportunities to savers and lend the money to housebuyers, a job which becomes increasingly difficult if members put in money and pull it out on a regular basis.

Efforts to control these fluctuations have certainly borne some fruit in the past couple of years. At the end of 1978 about 10.4 per cent of the movement's assets were accounted for by term shares; by the end of 1979 the figure was 12.7 per cent and by the end of 1980 it had reached around 15 per cent.

Most of a society's funds, however, come through the the ordinary share account where competition is limited mainly to the method of interest payment (e.g., monthly or half-yearly), and the maximum amount withdrawable on demand. Most of the top 20 societies pay the recommended building society rate, currently 9.25 per cent—though the Guardian (despite having no branches, it is the 19th largest with £381m) is an interesting exception paying 9.5 per cent from February 1 next.

Variations among the smaller societies are considerable, with the Mornington at 10.25 per cent one of the most attractive rates on ordinary shares.

Broadly speaking there are three main types of term shares. First, there are specific term shares where investors put their money in for a certain number of years, collecting a higher rate of interest for every extra year up to 5 (in most cases) they agree to leave it untouched. The BSA current recommended rate for one year is 9.5 per cent, 9.75 per cent for two years, 10.25 per cent (three), 10.75 per cent (four), and 11.25 per cent (five). Again, variations can be found here, particularly for the shorter terms.

Flexibility

Secondly, there are open-ended term shares which, although a relatively recent development, have now become pretty widespread. These generally allow extra flexibility, so that once the chosen term, say two years, has expired, investors can continue at higher rates—in other words they can go on to earn, say, the three and four-year rates of interest.

Thirdly, there are what are known as Escalator bonds. Under these arrangements, operated for example by the Alliance and Britannia building societies, it is not necessary to nominate a term at the outset. In the case of the Alliance withdrawals can be made at three months' notice after the first year, while at Britannia withdrawals are possible at each anniversary date, subject to one month's notice. Each society credits interest at a more generous rate than the BSA recommendations.

The latest innovation is short notice accounts. Arguably these should not be classified as term money since they are largely a reaction to customers' understandable reluctance to tie up their savings at a time of great uncertainty. Nonetheless, societies obviously hope these accounts will attract "term money" from people with no more than a nagging worry that they might just need the cash in a hurry. The Britannia Building Society is in the market here paying 10.5 per cent for a minimum £1,000 on only two months notice.

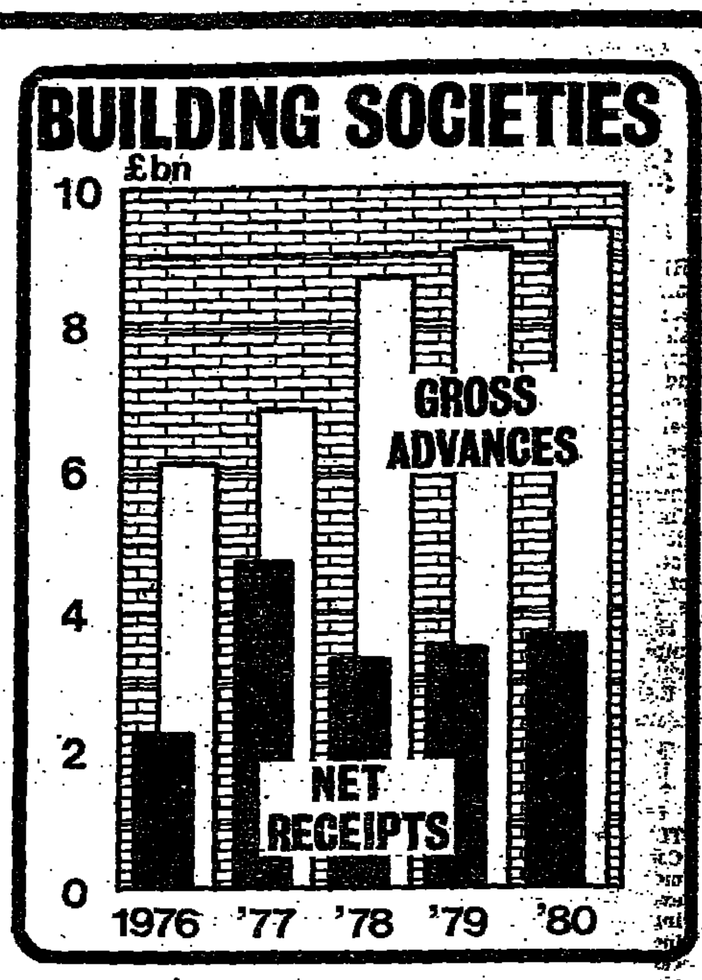
Perhaps the most interesting term shares of the lot—by virtue of breaking away from the pack—are the Abbey National 60 Plus Bondshares. Restricted to investors aged 60 or over, and guaranteed to return 3 points more than the recommended BSA ordinary share rate as long as they are held for six years, this Abbey National offer was a direct response to the Government's new index-linked issue.

Their success can be gauged both from the amount of publicity and the large amounts of money (about £200m to date) which they have managed to attract. Indeed with its own cheekily named "granny bond" it is possible to argue that the Abbey National is almost single-handedly responsible for the disappointing response to the official version.

This bravado, however, has not gone down particularly well among other societies. Apart from the inevitable jealousies, the Abbey's action raises the question of how aggressively societies should bid for funds. Many will point out that while the three point differential is not excessive when interest rates generally are high it may become a significant burden—being a bigger premium in percentage terms—when they fall. The Abbey, which is withdrawing the 60 Plus Bondshares from new investors on January 31, counters that the higher rate can be matched against liquid assets and more expensive bigger loans and therefore does not spell higher mortgages generally.

Societies on the whole, however, will probably have to accept that the era of cheap money and easy competition have gone for the foreseeable future. Besides rivalry from other quarters, their margins have been under pressure from both higher management costs and increases in the composite tax rate which they pay on behalf of depositors. Political pressure apart perhaps, there is a growing feeling among societies that following a year of record mortgage rates—a recommended 15 per cent from start to finish—borrowers may well become accustomed to accepting a higher overall level in future.

Certainly this will be the case in the short term. As interest rates fall societies always tend to drag their feet when lowering the cost of mortgages. With the Government and the banks likely to be breathing down their necks for some time to come, the incentive to do this is stronger than ever.



Participation in Europe

CONTINUED FROM PREVIOUS PAGE

necessary for an existing society, there is the ultimate sanction that credit institutions can be told to stop carrying on their business. "Breach of the two manager requirement does," says Mr. Fielding, "allow a period of grace to elapse before the axe falls, but this kindness ceases on December 14, 1982. Thereafter failure to honour the principle will lead to prohibition of business."

Meanwhile, the decision not to introduce UK legislation in the current Parliament raises a number of important issues. Building societies will continue to be regulated by the 1962 Act which, it is widely agreed, is not satisfactory in every respect. For example, the statutory provisions governing special advances are unduly complicated and the statutory obligation on societies to send out as much correspondence as they do could arguably be modified without curtailing the rights of members.

These "technical" complications, however, are comparatively minor and would hardly justify special consideration. More importantly, however, are the questions raised by the £7m losses of the Grays Building Society revealed in early 1978 and more recently the irregularities at the Alfreton Building Society.

Controls

As a result of the Grays fiasco certain voluntary steps were taken by societies to tighten up their own systems while the Registrar of Friendly Societies, which supervises the operations of societies has acted to improve internal controls.

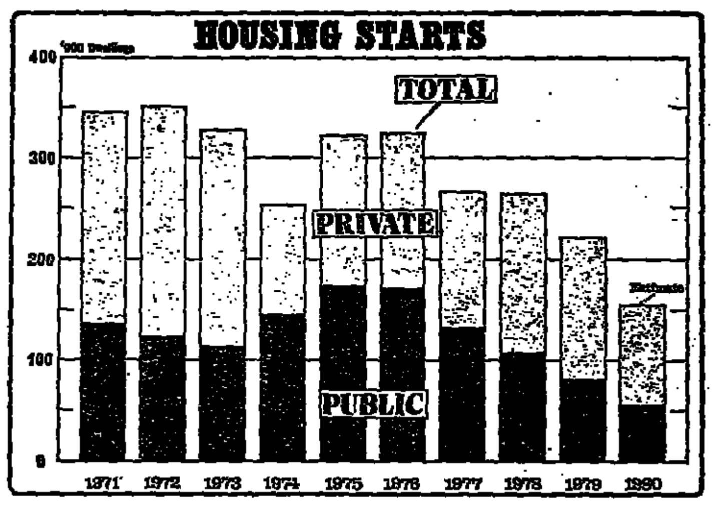
At the time of the Grays scandal many observers hoped that some sort of formal compensation fund could be set up to protect members from future frauds. In the event, however, societies have not been able to agree on a suitable scheme. The reaction to Grays and Alfreton has showed that the movement is capable of looking after its own, but there is no doubt that many would have liked to see a formal safety net built into new legislation.

Mr. Keith Brading, Chief Registrar of Friendly Societies, however, deserves the final word. Commenting on the postponement of legislation, he says, "I believe that at the end of the 'extra time' which has now been granted, it will be possible to deal more resolutely and appropriately with many of the various issues that confront us."

Lending open to stronger role

HOUSE BUILDING

MICHAEL CASSELL



IT IS doubtful if any nation can claim to provide for itself a supply of housing which is of sufficient size, standard and variety of type and tenure to meet in every respect the wide-ranging needs of its entire population. It has, however, been generally accepted that, among Western nations, the UK housing picture has compared favourably with that of other countries.

There is in the UK a crude surplus of homes over households, while a substantial and prolonged programme of refurbishment has done much to improve old stock. There are growing numbers of home owners and there has been (given the extent of the modernisation programme) an arguably respectable new house-building programme.

But there is now a weighty body of opinion (not to mention evidence) which supports the view that the housing picture is deteriorating fast and that a real crisis is now taking shape. The crisis centres on the rapid contraction in the number of new properties being started in both public and private sectors and on the impact of public expenditure cuts on modernisation programmes.

Those who believe the situation is becoming increasingly serious accuse the Government of refusing to accept or even consider the longer term implications of the housing policies now being pursued. Some critics suggest that no real housing policy exists—other than a determination to pare down public expenditure across the housing field and leave the private sector to do whatever it can to fill the breach.

The private sector has yet, however, to show any sign of beginning to fulfil that role and no amount of evidence to suggest fundamental demographic changes have altered all previous assumptions about housing needs can completely subdue a growing suspicion that the country's housing problems are set, at least in the medium term, to get worse rather than better.

There can be no dispute that so far as new housebuilding is concerned the current construction programme ranks as one of the lowest on record for well over 50 years. In 1980 the number of private homes started—against a background of high interest rates, relatively high house prices, a weak economy and rapidly declining consumer confidence—fell to around 100,000 against 141,000 in the previous year.

There are clear suggestions that the position has bottomed out and that this figure could rise marginally during 1981, to be followed by a further increase in 1982. But even the most optimistic predictions involve an annual starts rate of around 135,000 to 140,000 homes in 1982, compared with an annual total which regularly exceeded 200,000 at the start of the past decade.

In isolation such figures look disappointing enough but when the performance in the public sector is taken into account they look potentially far more worrying. It would be misleading to suggest that the parlous state of local authority house-building is the direct result of attempts over the past 18 months to reduce public spending, for the run-down in council house-building activity was well under way by the time Mrs. Thatcher and her colleagues took over the purse strings. Approvals for council homes have followed a downward path for the past five years and have tumbled from nearly 170,000 to between 50,000 and 60,000 in 1980.

Erosion

This year a start is unlikely to be made on more than 40,000 council homes against an estimated 55,000 in 1980. In 1975 work had begun on 174,00 new council properties. Given the continuing erosion of local authority housing budgets, the small building programme can only contract further over the medium term and the all-party House of Commons Environment Committee has already suggested that starts by 1983-84 could be down as low as 26,500, with completions touching 32,000 against 89,000 in 1979-80.

In a report on the implications for housing policy of the Government's expenditure plans up to 1983-84 the environment committee made some disturbing predictions. It forecast that there could be a cumulative shortfall of nearly 500,000 public and private sector homes in Great Britain by the middle of the current decade—a prediction based on the 1977 Green Paper on housing trends which attempted to project housing demand. The committee said that new council homes alone would, by the end of 1980, be 100,000 down on the Green Paper forecast.

But Mr. Michael Heseltine, Environment Minister and his Department have refused to become embroiled in any numbers game, suggesting that predictions about the impact on housing activity of planned expenditure are inevitably unreliable and almost impossible to make given the new freedom within authorities to allocate funds as they see fit.

A government of another colour may attempt to reverse the decline in the public housing sector, though there is no guarantee of this and plenty of evidence to suggest that any revival would be limited by expenditure constraints.

The building societies play an integral and increasingly important part in the progress of the private housing sector and the challenges which they face can, on the basis of the background just painted, only become greater over the next decade.

The problem is whether they will be in a position to support the immense burden being placed squarely on the private sector's shoulders.

The societies welcome the prospect of an expanding private housing sector and readily quote various sources to suggest that the demand for owner occupation—which may well be swelled further by limited opportunities and rising rents in the public sector—remains very strong, if not exactly insatiable.

But there must be doubts about the extent to which societies can respond, given the Government's declared intention to claw more money from the private savings sector for its own use. Some predictions suggest that the societies could soon require up to £20bn a year (against £9bn in 1980) to meet demand and the task of raising that money looks certain to become progressively more difficult.

The societies will need to take a long and hard look at how best to distribute the resources at their disposal, possibly concentrating more of their funds on the provision of new housing stock rather than in continuing to permit the overwhelming percentage of mortgage finance to circulate within the existing property market.

Building society mortgage lending policies in the past may not have contained enough in the way of overall strategy, merely responding to short-term fluctuations in their own fortunes and lending to the best customers on the best propositions.

Perhaps over the next few years they should first and foremost be addressing themselves to the challenge of stimulating new house-building activity which, if only half the present predictions of impending calamity are to be believed, is now so desperately needed.

COMMODITIES AND AGRICULTURE

Farm income down 24% after sharp rise in costs

BY RICHARD MOONEY

THINGS WENT from bad to worse for Britain's farmers last year. Government figures published yesterday show that with output prices being held back and costs soaring total farming income fell by 24 per cent in real terms, forcing farmers deeper into debt.

This picture, revealed in the Annual Review of Agriculture White Paper, prompted Mr. Richard Butler, president of the National Farmers' Union to call for an increase in farm prices as "a matter of great urgency."

He warned that agricultural output was bound to fall if the decline continued.

Deprived of sufficient profits to finance investment, farmers increased their total borrowings by 30 per cent in 1980 to a record £3.2bn. More farmers went out of business and total herds of pigs and cattle fell.

The only bright spots were an 11 per cent increase in farming's contribution to the net national product, mainly due to the record cereal harvest, and a further rise in Britain's food self-sufficiency to 60 per cent.

But the farmers' losses were the consumers' gains. With farm gate prices rising only 6 per cent, increases in retail food prices were kept down to 9.5 per cent, well below the 16.7 per cent rise in the retail price index.

The White Paper showed farming input costs rose 14 per cent; the dairy herd fell 2 per cent to 3.2m head; the beef herd was down to 1.48m head from 1.54m; and the pig herd was down to 7.85m head. Supplies of pigmeat were expected to be down about 3 per cent.

There was strong growth in the sheep sector, however, encouraged by anticipation of higher prices resulting from the new EEC sheepmeat regime. British sheepmeat production is believed to have risen 13 per cent last year.

The number of farms declined by about 5 per cent to 243,500.

Mr. Peter Walker, the Agriculture Minister, announcing the White Paper's publication in Parliament, held out little hope of extra aid for farmers.

"Since this Government came to office we have taken many steps to help farming including several devaluations of the Green Pound, the negotiation of a highly advantageous regime for sheepmeat and the introduction of a suckler cow subsidy," he said.

"The benefits from the latest increases in the hill livestock compensatory allowances and the price of milk do not affect the results for 1980 but will accrue to the industry in 1981."

Meat levy rise postponed

BY OUR COMMODITIES STAFF

THE MEAT and Livestock Commission, having earned more and spent less than it expected last year, is proposing to postpone a scheduled increase in the levy it receives from farmers and slaughterers.

The levy was due to increase by 5 per cent from April but the commission now plans to forgo this rise for at least six months.

Expenditure had been rigorously controlled within the budget, according to a commission statement issued yesterday. "Slaughterings have exceeded expectations; with high interest rates investment income has been greater than expected, and the commission's view of cost inflation in the forthcoming year is now better than it dare to hope a year ago."

The proposal will have to be discussed with industry organisations but they are unlikely to object, especially in view of the difficult financial situation in the livestock and meat industry.

Unions fear refinery closure

Financial Times Reporter

A MASS meeting of workers at the Tate and Lyle sugar refinery in Liverpool has been called by shop stewards tomorrow. This follows growing conviction that the company will announce a decision to close the refinery when giving its preliminary results today.

No statement was issued and Lyle Board meeting, called after pressure from the shop stewards' action committee at the refinery. But union officials are reported to be pessimistic about the outcome.

Meanwhile, the EEC Commission yesterday authorised the export of 50,700 tonnes of white sugar at its weekly selling tender. The minimum export levy granted was 3.010 European currency units per 100 kilos compared with 6.069 units granted last week on exports of 29,000 tonnes.

Market traders said the reduction in the export levy was in line with expectations in view of the recent decline in world sugar market values.

The increased amount of exports authorised is believed to reflect the upsurge of buying interest triggered off at the lower price levels.

Although the London daily price for raw sugar was cut by £3 to £250 a tonne yesterday morning futures values rallied strongly.

The May position, after falling to £265.25 at one stage, climbed to £273 at the close. The recovery was prompted by the increased activity in the physical market despite the fact that some deals were reported at "cheap" price levels.

Grain embargo likely to stay

MINNEAPOLIS — The U.S. partial embargo on grain shipments to the Soviet Union will be virtually impossible for the Reagan Administration to lift quickly, according to Arthur Downey, chairman of the U.S. Chamber of Commerce task force with non-market economies.

While President Reagan would like to lift the embargo, this would be a dramatic policy step, Mr. Downey told the National Association of Wheat Growers' meeting yesterday.

Reuter.

EEC AGRICULTURE COMMISSIONER

Danes defend farm policy

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government's view of the rights and wrongs of the conflict over EEC budgetary contributions, and by extension the Common Agricultural Policy, differ fundamentally from British and West German perspectives. This is why the Danish Government will be especially pleased about their successful fight to have Mr. Poul Dalsager appointed Agriculture Commissioner in succession to Mr. Finn Olav Gundelach, who died last week.

Denmark is, per capita, one of the richest countries in the EEC, and as an agricultural exporting country it also receives large net budgetary transfers from the EEC.

To Britain, in particular, this seems unfair as it is one of the Community's poorer nations, yet makes large net contributions.

The dispute over who should pay what will come to a head in June, by which time the EEC Commission has been asked by the Council of Ministers to produce a permanent solution to the problem of budget contributions, settled temporarily in the deal which Mrs. Thatcher agreed last year.

The Danes are unhappy about the way the British do their sums, which they believe are based on a distorted view of budget statistics and a disregard for some of the real effects on the British economy of the CAP.

The CAP is an economic burden on the UK because as a big food importer from third countries it pays customs duties which are transferred to the Community.

But, according to the Danes, the relatively high producer prices set by the CAP have led to an increase in UK food production since Britain joined. UK butter production, for example, has trebled since 1975.

The import savings which increased food production has led to "are not much less than the British net contribution to the Community budget in 1980," according to Mr. J. Oerstroem Moeller, of the Danish Foreign Ministry.

If the UK wants to go on importing food from third countries, the Danish view is that the UK budget contribution is a UK and not a Community problem.

The appreciation of the pound has over the past half year meant the UK has received positive monetary compensatory amounts (MCAs) of about 10 per cent.

The effect of this is to keep producer prices 10 per cent above the Community level, stimulating production (to the detriment of an agricultural exporter like Denmark) and increasing the burden on the CAP. But this is not consistent with the UK claim that CAP expenditure is too large and should be reduced, according to Mr. Moeller.

West Germany, which is now the biggest net contributor to the budget, has similarly obtained substantial benefits from the working of the CAP.

These are not immediately visible in budget statistics. But since the mid-1960s Germany has moved from being a net food importer to virtual self-sufficiency, saving large amounts on its trade balance and inhibiting expo

West Germany has for years maintained the Green Mark exchange rate at a level which gives its farmers positive MCAs of about 10 per cent, an important stimulus to production.

One consequence is that 30 per cent of CAP intervention buying of surplus production covers German goods, and Germany has thus contributed very importantly to boosting CAP spending, about which it is now complaining.

By contrast much of the money Denmark receives is in the form of export subsidies for markets which it has spent much time and trouble cultivating, among them the Middle East and Japan. Denmark is the only European country to balance its trade with Japan.

The Danes want to maintain the principles of the CAP and do not want them reformed on the basis of inadequate analysis.

They believe the CAP is better than its reputation.

It is commonly claimed that the CAP accounts for 70 per cent of EEC budgets, but the Danes say the figure is nearer 55 per cent if matters which do not directly result from CAP, such as MCAs, agreements with third countries and food aid are excluded. Nor is it particularly surprising if the CAP accounts for most of EEC spending as this is the only common policy so far.

The fact that EEC food prices are higher than world food prices, another point raised by critics, is also an uncertain charge. If EEC countries were to increase their imports from third countries it would probably lead to drastic rises in world market prices.

The CAP also, as Mr. Peter Walker, UK Agriculture Minister, recently pointed out, provides for security of supply. And it relieves government of having to find money for farmers from their own budgets, a not unimportant consideration when budget deficits in so many countries are already very large, says Mr. Moeller.

Indonesia cuts timber exports

BY RICHARD COWPER IN JAKARTA

GOVERNMENT curbs forced Indonesian log exports down by a third last year. The Department of Forestry estimates exports of South Sea logs fell to 12m cubic metres in 1980 from 18m the year before.

If this is correct it is likely to mean that Indonesia has slipped to second place in the world tropical hardwood export league behind East Malaysia.

In 1979, Sabah and Sarawak exported a combined total of nearly 16m cubic metres of South Sea logs, and though this is expected to be down a little in 1980 it is expected to be at least 15m cubic metres.

The main reason for the dramatic drop in timber exports has been a new timber law which effectively stops exporters from selling abroad until they have set up their own timber processing facilities in Indonesia.

The aim is to turn Indonesia into the world's largest supplier of plywood some time this decade.

A request by the Japanese Government last week for log exports to be freed from some of the current restrictions was apparently rejected. Japan has traditionally been the largest importer of Indonesian timber.

Firm stand

Mr. Sudjarwo, Indonesia's director general of forestry, said yesterday that in spite of the Japanese plea, Indonesia will "hold on firmly to its earlier announced programme of timber industry development."

Last June's so-called "three ministerial decree" limiting log exports is therefore unlikely to be modified in spite of report that a significant number of small timber companies have recently been forced out of business.

● A national project has been lanched to encourage the planting of hardwoods, particularly by developing and promoting quicker-growing trees and techniques which speed growth.

Chief instigators of the Project are Lord Bradford of Weston Park, Shifnal, Shropshire, Dr. Neil Paterson of Farm Forestry, Thornhill Dumfries and the secretary Mr. Peter Wood of the Commonwealth Forestry Institute, Oxford University.

Flu deaths rise

THE NUMBER of deaths from flu is up again, but is still well below epidemic proportions, latest figures show. Eighty people died in the first full week in January compared with 59 the week before and six in the first week of December.

Australia lifts crop estimates

CANBERRA — Buoyant market prospects for many of Australia's primary products have led to a slight upward revision in the outlook for the rural economy in the 1980-81 fiscal year to the end of June, the Bureau of Agricultural Economics said yesterday.

The bureau noted in its quarterly survey that improved prices and some upward revision in crop prospects are helping offset the effects of the current drought.

It estimates Australian farm exports will be A$8.79bn (£3.66bn) against its previous estimate of A$8.75bn.

Rural production is expected to be A$4.60bn, against the last estimate of A$4.30bn.

But the bureau has lowered its forecast of Australian greasy wool exports to 515m kilos for the year to the end of June from its last estimate of 530m.

Exports of scoured and washed wool will remain steady on 49m kilos.

Call for ban on imports of Chinese rabbit

WELSH FARMERS are to press the Government to ban imports of Chinese rabbits after reports they contain high levels of insecticide.

They want Britain to follow the example of Switzerland. West Germany, Holland and Denmark are also said to be considering bans.

The move could lead to a boom for Welsh rabbit farmers, many of whom would expand tenfold to replace the 11,000 tonnes of Chinese rabbits imported into the UK each year.

China currently exports to Britain twice the total production of UK farmers.

The Ministry of Agriculture said it understood West Germany had already joined Switzerland in banning imports of Chinese rabbit.

Freezer increase boosts spending on foods

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP increase in the number of households with domestic freezers is revealed today in the report of the National Food Survey for 1979.

The survey shows that the percentage of households with domestic freezers rose from 37 per cent in 1978 to 41 per cent in 1979. At the same time, the survey shows the proportion of households with refrigerators rose from 94 per cent to 95 per cent in 1979.

The survey report is the first time that detailed figures for 1979 have been published, although preliminary figures for the first half of 1980 have already been made available by the Ministry of Agriculture.

The survey shows that spending on food for consumption in the home rose by 14.4 per cent in 1979 to reach £6.42 per person.

The report says household consumption of milk continued to decline in 1979, when it averaged 4.31 pints per person per week. However, cheese consumption rose from 3.49 ounces per week in 1978 to 3.61 ounces in 1979.

Average fish consumption rose for the second year in succession after following a downward trend for several years, and reached 4.51 ounces per person per weak, compared with 4.25 ounces in the previous year.

Demand for eggs weakened further in 1979 when consumption averaged 3.88 eggs per person per week, compared with 3.96 in the previous year.

Household food consumption and expenditure, 1979; SO.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange as short-covering and light, fresh buying interest saw three months rise from £802 to around £807. However, this level attracted trade selling and this, together with a rise in sterling, prompted a minor decline in the afternoon when forward metal fell away to close at £802 on the late Kerb. A feature of the day's trading was the narrowing of the differential between wirebars and cathodes, which came in to £14. Turnover 27,100 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £804, 03.5, 03, 02, 02.5, 02, 01.5, 01. Cathodes, cash £769, three months £788, 89. Kerb: Wirebars, three months £802, 03, 04. Cathodes, three months £789. Afternoon: Wirebars, three months £805, 4, 4.5, 5, 05.5, 4. Cathodes, three months £790, 89. Kerb: Wirebars, three months £804, 3.5, 4, 4.5, 5, 5.5, 5, 4.5, 4, 3, 2, 1.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	776-7	+6	779-80	+8.5
3 months	800.5-1.5	+6.75	804-.5	+9.5
Settlem't	777	+6	—	
Cathodes				
Cash	767-9	+15.5	769-71	+17
3 months	788-.5	+11½	788-9	+11.5
Settlem't	769	+14	—	......
U.S. Prod	—		*88.91	......

TIN—Rallied as a recovery on the Penang market coupled with short-covering against American physical demand lifted forward standard metal from £5,940 to £6,000 before profit-taking left the price at £5,955 on the afternoon Kerb. Turnover: 920 tonnes.

Morning: Standard, cash £5,810, three months £5,970, 55, 60. Kerb: Standard, three months £5,950, 55, 60. Afternoon: Standard, three months £5,960, 65, 70, 80, 62. Kerb: Standard, three months £5,960, 50, 60, 55.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5805-15	+32.5	5815-25	+20
3 months	5950-60	+42.5	5962-5	+28
Settlem't	5815	+35	—	......
Standard				
Cash	5805-15	+32.5	5815-25	+28
3 months	5950-60	+42.5	5962-5	+28
Settlem't	5815	+35	—	......
Straits E.	†$30.55	+0.30	—	......
New York	—			

LEAD—Marginally firmer with three months edging up to £300, reflecting the general gains in other metals, before the firmness of sterling pared the price to £295.5 on the late Kerb. Turnover: 5,950 tonnes.

Morning: Three months £298, 98.5, 98, 97.5. Kerb: Three months £298, 98.5, 98, 97.5. Kerb: Three months £298. Afternoon: Three months £299, 98, 97, 96, 96.5, 97, 97.5, 97. Kerb: Three months £297, 96.5, 96, 95.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	285-7	+4.25	285-6	+3
3 months	297-8	+4.5	297-.5	+2.75
S'ment	287	+5		......
U.S. Spot	—	......	*34-7	......

ZINC—Easier as persistent Commission House selling depressed forward metal to £330 before a close on the late Kerb of £330.5. Turnover: 6,750 tonnes.

Morning: Three months £334.5, 34, 33.5, 33, 32, 31, 31.5, 31. Kerb: Three months £332. Afternoon: Three months £332, 31.5, 31, 30.5, 30, 30.5. Kerb: Three months £331, 31.5, 30.5, 30.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	319-20	-3.25	317.5-8.5	-2
3 months	331-.5	-4	330.5-1	-2
S'ment	320	-5	—	......
Primw'ts	—	......	*41.5	......

ALUMINIUM—Little changed. Forward metal rose to £618 in early trading reflecting the strength of copper. However, good selling from one quarter caused a setback thereafter as three months drifted to close the late Kerb at £609. Turnover: 7,700 tonnes.

Morning: Three months £617, 16.5, 16, 16.5, 17. Kerb: Three months £617.5, 17. Afternoon: Three months £617, 16, 15.5, 15, 14.5, 14. Kerb: Three months £611, 10, 09, 10.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	595.5-7	+5.75	593-4	+1.5
3 months	617-.5	+5	613-4	+1

NICKEL—Quiet as three months moved narrowly to close the late Kerb at £2,602.5. Turnover: 216 tonnes.

Morning: Three months £2,620, 15, 10. Kerb: Three months £2,610. Afternoon: Cash £2,610, three months £2,620, 15, 2,600.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2605-20	+5	2605-15	+17.5
3 months	2610-5	+15	2595-600	......

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

PUBLIC NOTICES

SOLIHULL METROPOLITAN BOROUGH
£0.5m Bills due on 22nd April 1981 were offered on 21st January 1981, and were allotted at a rate of 12⁷⁄₁₆%. Applications totalled £7.5m. This issue will bring the total of Bills outstanding to £4.75m.

METROPOLITAN BOROUGH OF BURY
£2 million Bills issued 21st January 1981 due 22nd April 1981 at 12.9375 per cent. Applications £16m. These are the only Bills outstanding.

SILVER

Silver was fixed 12.2p an ounce higher for spot delivery in the London bullion market yesterday at 632.85p. U.S. equivalents of the fixing levels were: spot $15.353, up 38.3c; three-month $16.03, up 37.3c; six-month $16.61, up 37.8c; and 12-month $17.687, up 42.9c. The metal opened at 623-632p ($15-15.35) and closed at 630-638p ($15.3-15.5).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	632.85p	+12.2	636	+8.5
3 months	654.25p	+12.4	657	+8.5
6 months	674.25p	+12.9	—	......
12 months	715.30p	+14.5	—	......

LME—Turnover: 203 (183) lots of 10,000 ounces.

COCOA

Cocoa futures were barely steady as continued trade hedging of producer sales matched commission-house short covering, and manufacturer interest. Physical business was more forthcoming with second-hand dealers also active in switching nearby shipments, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	854-856	—1.0	859-852
May	880-881	—2.0	886-877
July	904-905	—2.0	911-903
Sept	923-924	—5.0	932-924
Dec	958-956	—2.0	961-955
March	977-978	—1.5	983-977
May	998-999	—1.0	1004-1003

Sales: 2,708 (2,131) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 20 95.54 (96.41); 10-day average 95.20 (95.40); 15-day average 95.56 (96.17).

COTTON

COTTON—Liverpool. Spot and shipment sales amounted to 256 tonnes, bringing the total for the week to 384 tonnes, reports F. T. Tattersalls. Pressure mounted for additional supplies, with sustained demand in South American and African qualities. Users were also interested in purchasing Middle Eastern growths.

COFFEE

A disappointing performance saw prices continuing to fluctuate within the recent range in mixed dealings and light volume reports Drexel Burnham Lambert. The majority of the day's turnover consisted of switch trading and further liquidation in nearby positions.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1002-04	—3.5	1015-00
March	1024-25	—8.0	1040-23
May	1038-39	—8.5	1055-37
July	1052-53	—9.0	1068-51
Sept	1065-66	—6.5	1083-64
Nov	1070-71	—6.5	1090-76
Jan.	1063-85	—11.5	—

Sales: 2,055 (2,440) lots of 5 tonnes.

ICO Indicator prices for January 20: (U.S. cents per pound): Other Mild Arabicas 131.17 (130.00); Robustas ICA 1976 123.75 (123.38); ICA 1968 124.00 (123.63). Unwashed Arabicas 223.00 (same). Comp. daily ICA 1968 unquoted. 4 etao shrdlu quoted (same). Comp. daily ICA 1979 127.46.

GRAINS

LONDON GRAIN FUTURES—Old crops opened 5p lower. Wheat values saw continued selling pressure from country and commercial sources in the morning sessions losing 40-40p. Good buying support after lunch rallied the market and due to lack of seller values improved in thin volume to close 45p up on Jan. and 10-15p up on distants. Barley trade was quiet. Good support was seen on any dips a lack of sellers and values closed firm 15-25p higher on the day. New crop wheat values remained about steady and gained 5-10p. Barley saw some further hedge selling and values closed 15-20p down, Acli reports.

M'nth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan.	106.15	+0.55	96.70	+0.20
Mar.	108.20	+0.15	98.85	+0.25
May	112.30	+0.10	102.60	+0.20
July	116.30	+0.15	—	—
Sept.	100.60	+0.05	95.50	—0.20
Nov.	104.45	+0.10	99.35	—0.15

Business done: Wheat: Jan. 106.00-105.50, March 108.20-107.75, May 112.25-111.80, July 116.30-115.80, Sept. 100.60-100.40, Nov. 104.40 only. Sales: 145 lots. Barley: Jan. 96.70-96.45, March 98.95-98.50, May 102.60-102.30, July nil, Sept. 95.50 only, Nov. 99.30 only. Sales: 115 lots.

LONDON GRAINS—Wheat: CERS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Feb. 109, March 109.50 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Jan. 103.75, March 104.25 transhipment East Coast sellers. EEC English feed fob Feb. 110, March 112, April-June 116.50 sellers. East Coast Jan. 107, paid East Coast.

Maize: French Jan. 121, Feb. 122.50, East Coast sellers. S. African Yellow Feb.-March 89.50 seller.

Barley: English feed fob Feb. 102.25, March 103.75, April-June 107.00 East Coast sellers. Jan. to Feb. 101.25 paid East Coast.

Sorghum: Unquoted.

Oats: Unquoted.

HGCA — Locational ex-farm spot prices: Other milling wheat: E. Midlands 106.00 (+200): Scotland 108.60 (+160). Feed barley: East 97.00 (+180); E. Midland 96.00 (+10); N. East 97.90 (+290): Scotland 95.80 (—80).

The UK monetary coefficient for the week beginning January 26 will be 0.849.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS. Contract No. 2. Close (in order buyer, seller high, low, sales). Jan. 340-360, nil, nil. March 354-360, 354-353, 3. May 360-361, 360-359, 4. Aug. 370-374, 372, 1. Oct. 372-378, nil, nil. Dec. 376-381, nil, nil. Jan. 379-382, nil, nil. March 382-390, nil, nil. May 383-390, nil, nil. Sales: 8.

SYDNEY GREASY WOOL FUTURES—Close (in order buyer, seller, business). March 489.0-490.0, 490.0-486.2. May 506.5-507.0, 507.0-503.0. July 520.1-521.0, 521.0-515.5. Oct. 516.5-517.0, 518.0-514.7. Dec. 521.0-522.0, 522.4-519.5. March 528.2-530.0, 528.0-527.0. May 533.0-534.0, 534.5-530.0. July 536.0-536.5, 536.5-531.0. Sales. 826 lots.

RUBBER

The London physical market opened easier with little interest throughout the day, closing on a quiet note. Lewis and Peat reported no fob February price for no. 1 RSS in Kuala Lumpur.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb.	55.70-56.30	57.10-57.50	56.10
Mar.	57.60-57.70	58.70-59.00	58.00
Apr-Jne	60.10-60.20	61.20-61.30	61.10-6.10
Jly-Sept	63.20-63.30	64.30-64.40	64.00-63.20
Oct-Dec	66.20-66.40	67.30-67.40	67.10-66.30
Jan-Mar	69.10-69.20	70.30-70.40	69.70-69.20
Apl-Jne	72.00-72.20	73.20-73.40	72.70
Jly-Sept	75.10-75.20	76.30-76.40	75.50
Oct-Dec	78.00-78.30	79.30-79.50	78.70

Sales: 498 (259) at 15 tonnes, and 4 at 5 tonnes. Physical closing prices (buyer) were: Spot 55.50p (56.50). Feb. 60.50p (61.00). March 60.75p (61.25).

SOYABEAN MEAL

The market opened with gains of 50p in quiet trading conditions, reports T. G. Roddick. Prices stayed in a narrow range closing with little change in values on the day.

	Yest'rd'ys Close £ per tonne	+ or —	Business Done
February	123.70-24.0	—0.55	125.70-23.30
April	126.90-27.1	—0.25	128.00-27.00
June	128.40-28.5	—0.70	130.10-29.00
August	129.90-30.0	—1.10	131.00-30.00
October	123.00-29.5	—0.65	130.50-30.00
December	129.50-30.5	—1.0	—
February	130.50-33.0	—0.50	—

Sales: 100 (160) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £250.00 (£253.00) a tonne cif for Jan.-Feb.-March shipments. White sugar daily price was £280.00 (£283.00).

The market was slightly lower, reports C. Czarnikow.

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mch.	272.75-73.00	275.25-75.50	277.50-65.00
May	272.75-73.25	275.00-75.20	278.00-65.25
Aug	268.50-69.00	269.00-69.50	271.00-60.25
Oct	264.00-75.00	263.00-63.50	265.50-55.50
Jan	248.50-48.00	244.00-44.50	246.00-39.00
March	246.00-47.00	243.00-44.00	246.50-41.00
May	245.00-47.00	243.50-48.00	244.00-41.50

Sales: 9,461 (9,337) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £339.50 (£335.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 20: Daily price 25.85 (25.49). 15-day average 28.89 (29.12).

POTATOES

LONDON POTATO FUTURES—April broke through 61.00 with strong selling pressure, but encountered further chartist resistance at 60.50 and by the close had recovered to 60.90. Feb. and Nov. both quiet. Close: Feb. 48.50 (—70): April 60.90 (—20): Nov. 58.60 (unchanged). Sales: 147 (105) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD (Prices in pence per lb) Beef: Scotch killed sides 69.0-73.5, Eire hd. qtrs. 80-0-82.0, Eire f. qtrs. 52.0-55.

Veal: Dutch hinds and ends 108.0-112.0.

Lamb: English small 57.5-64.2, English medium 57.5-62.0, Imported frozen —N.Z.PL new season 54.0-54.5, N.Z.PM new season 53.0-54.0, N.Z.PH new season 54.0-59.0.

Pork: English, under 100 lbs 44.0-49.0, English, 100-120 lbs 41.0-48.0, English, 120-160 lbs 41.0-46.0.

Partridges: Young (each) 150.0-150.0.

Pheasants: Best (per brace) 280.0-350.0, medium (each) 140.-180.0.

PRICE CHANGES

	Jan. 21 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1445/1475	—15	$1450/470
Copper			
Cash w'bar	£779.5	—8.5	£803
3 mths	£804.25	+9.5	£822.75
Cash Cathode	£770	+17	£781
3 mths	£785.5	+11.5	£802.5
Gold troy oz	$577.5	+13	$604.5
Lead Cash	£285.5	+3	£314.5
3 mths	£297.25	+2.75	£325.5
Nickel	£3,236.57	......	£3,216*
Freemkt	280/290c	......	275/295c
Platin'mtr'y oz	£202	......	£202
Freemkt	£227.20	+5.15	£251.30
Quicksilver†	$360-370	—5.0	$360/370
Silver troy oz	632.85p	+12.2	681.05p
3 mths	654.25p	+12.4	704.60p
Tin Cash	£5,820	+20	£6,235
3 mths	£5,963.5	+26	£6,361.5
Tungsten22.04lb	$143.90	......	$141.97
Wolfrm 22.04lb	$147/150	+1.5	$140/145
Zinc Cash	£320	......	£325.5
3 mths	£332.75	......	£339.25
Producers	$825	......	$823
Oils			
Coconut (Phil)	$640x	+20	$610
Groundnut	‡	......	‡
Linseed Crude	£412	......	£460
Palm Malayan	$645x	+5	$622.5
Seeds			
Copra Philip	$420	+5	$420
Soyabean(U.S.)	$321	—4	$329
Grains			
Barley Futures	£698.85	+0.25	£98.80
Maize			
French	£121	......	‡
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£103.75y	—0.25	£106.5
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£940	—2	£975
Future May	£880.5	—2	£899.5
CoffeeF t'Mar.	£1,024.5	—8	£1031
Cotton A.Index	100.05c	......	99.30c
Rubber (kilo)	55.50p	—1.0	56.50p
Sugar (Raw)	£250	—3	£310
Woolt'ps 64s kl.	299p kilo	......	287p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 76 lb flask. * Nominal.

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 21. GB cattle 84.89p per kg lw (+0.17): UK sheep 141.13p per kg est. dcw (+2.47); GB pigs 67.25p per kg lw (—0.18). England and Wales—Cattle Nos down 1.0 per cent, average price 85.23p (+0.14): sheep Nos down 6.4 per cent, average price 129.54p (+2.28): pig Nos up 4.1 per cent, average price 67.25p (—0.18). Scotland—Cattle Nos up 5.9 per cent, average price 83.57p (+0.43): sheep Nos up 62.0 per cent, average price 139.36p (+1.43).

COVENT GARDEN (Prices for the bulk of produce, in pounds per package except where otherwise stated)—Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05: Spania: Navelinas 48/54 5.00, 60 4.40, 70 4.20, 80/90 4.00, 112 3.80, 135/150 3.50; Egyptian: Baladi 88/125 2.00; Cyprus: Shamoutis 15 kg., 42/112 3.50. Sours—Seville: 6.00-6.20. Lemons—Spania: Trays 25/54 2.60-2.80; Cyprus: 10 kg. 4.00-4.50; Egyptian: 2.20, Greek: 2.60; Italian: 100/120 4.00-4.50; South African: 80/100 6.50-7.00; Californian: 95/140 7.00-7.50; Jaffa: 105/125 6.00-6.20. Grapefruit—Cyprus: 20 kg. 40/64 3.20-4.20; Jaffa: 20 kg. 36 4.45, 40, 4.50, 48 4.65, 56 4.30, 64 3.95, 75 3.65; Egyptian. 15 kg. 1.80-2.00. Satsumas—Spania: 90/105/126 3.20, 144 3.00, 154 2.80, 168 2.50, 192 2.40. Clementines—Moroccan. 3 3.20, 4 3.00, 5 2.80, 6 2.60. Apples—French: Starkcrimson 40 lb 4.50-5.50, Golden Delicious 20 lb 72 2.40, 84 2.00, 40 lb 125/175 4.20-5.40, Granny Smith 40 lb 4.60-5.80, 20 lb 72 3.00, 84 3.40; Italian: 40 lb Romes 60/70 4.00; Hungarian: Starking 44 lb 5.50; Canadian: Red Delicious 135/150 7.50-8.00; U.S.: 8.00-9.00; Belgian: 28 lb per pound Cox's 0.10-0.12. Pears—Dutch: Conference per pound 0.14: Italian: Passacrassene 0.10-0.12. Plums—South African: Santa Rosa per 11 lb 3.50-4.00; Gaviotas 4.95-5.60. Apricots—South African. 11 lb 3.50-5.00. Grapes—Spanish: Almeria 2.60, Napoleon 3.20; U.S.: Red Emperor wrapped 10 lb 6.50, 23 lb 8.00: South African: Queen of the Vineyard 9 lb 6.00, Alphonse 10.00, Dan Ben Hanna 8.00: Chilean: Purletto per 11 lb 10.00. Strawberries—Israeli: 8 oz per punnet 0.65; Mexican: 12 oz 1.00; U.S.: 12 oz 1.20. Pineapples—Ivory Coast: Each 0.45-1.00. Bananas—Colombian: Per pound 0.19. Melons—Spanish: Green 7/11 4.50-5.00; Brazilian: Yellow 10/12 10.00. Avocados—Canary: 6.00; Florida: 14/24 6.00; Israeli: 6.00. Tomatoes—Spanish: 2.00; Canary: 2.80-3.50. Onions—Spanish: 5.20. Dutch: 2.80-3.00. Potatoes—Italian: New crop 20 lb 2.80; Canary: Per pound 0.15; Egyptian: 44 lb 3.40-3.50. Cabbages—Dutch: White 4.00. Cauliflowers—French: 24's 6.00; Jersey: 6.00. Cucumbers—Canary: 10/16 2.80-4.00.

English Produce: Potatoes—Per bag 1.60-2.20. Mushrooms—Per lb. 0.40-0.60. Apples—Per lb. Bramleys 0.05-0.12, Spartans 0.10-0.14, Cox's Orange Pippins 0.08-0.22, Russets 0.10-0.16, Starking 0.08-0.10, Laxtons 0.06-0.09. Pears—Per lb. Conference 0.06-0.14, Comice 0.10-0.18. Cabbages—Per bag 1.40. White cabbages 2.00. Cauliflowers—Per 12, Kent 4.00. Beetroots—Per bag 1.60-2.0. Lettuce—Per 12, round 1.80-2.00. Sprouts—Per lb 0.05-0.06. Leeks—Per 10-lb 2.00. Rhubarb—Per lb forced 0.22. Carrots—Per 28-lb 1.60-1.80. Onions—Per bag 2.70-3.20. Celery—Per pack naked 10/18 1.50-1.80. Swedes—Per 28 lb Devon 0.80-1.00. Parsnips—Per 28 lb 1.40-1.60. Turnips — Per 28 lb 1.20-1.40.

★

HIDES—Auction prices 2nd clears Leeds (Birmingham in brackets): Ox 31/35.5, 35.5 (38.2); 26/30.5, 29.5 (42.6); 22/25.5, 41.1wd (45.2). Light cows 25.5, 34.1wd (33.1). Markets continue to reflect a weaker trend.

★

GRIMSBY FISH—Supply poor and demand good. Prices per stone at ship's side (unprocessed): Shell Cod £5.00-8.20, Codlings £2.50-3.50, Small Haddock £3.00.

AMERICAN MARKETS

NEW YORK, January 20.

POOR FUNDAMENTALS depressed the cattle markets, while anticipatory buying rallied the pork complex. Precious metals and copper rallied when all the selling, following the hostage release was quickly absorbed. Short covering moved coffee prices moderately higher. Cocoa was basically unchanged in light trading. Trade support reversed early losses in cotton and the market finished fractionally higher. Sugar rallied on good buying interest from the Middle East and Latin America. Professional and commercial buying rallied soyabeans and maize while wheat finished mixed in a narrow range, reported Heinold.

††Cocoa—March 2007 (2005). May 2056 (2053), July 2103, Sept. 2150, Dec. 2205, March 2260, May —. Sales: 960.

Coffee—"C" Contract: 130.30-130.50 (129.30), May 132.70-132.90 (131.70), July 133.75-133.90, Sept. 134.85-134.90, Dec. 134.49-134.50, March 132.49-132.50, May 131.50-133.00. Sales: 1,705.

Copper—Jan. 85.25 (84.30), Feb. 85.90 (85.05), March 87.10-87.30, May 89.70-90.10, July 92.10, Sept. 94.10, Dec. 96.60, Jan. 97.70, March 99.50, May 101.15, July 102.80, Sept. 104.60. Sales: 7,000.

Cotton—No. 2: March 91.30-91.55 (91.77), May 92.75-92.80 (93.08), July 92.95-93.10, Oct. 88.21-88.40, Dec. 85.51, March 86.10-86.25, May 86.75-87.00, July 87.25-87.75. Sales: 5,075.

*Gold—Jan. 568.3 (562.5), Feb. 570.0-572.0 (565.5), March 577.0, April 586.0-588.5, June 602.0-604.0, Aug. 616.0, Oct. 632.9, Dec. 648.1, Feb. 663.3, April 678.6, June 694.0, Aug. 709.4, Oct. 724.9. Sales: 33,000.

Orange Juice—March 119.05-119.20 (119.00), May 121.00 (121.45), July 122.40, Sept. 123.60, Nov. 123.75, Jan. 122.60, March 123.85-124.00, May 124.85-125.20. Sales: 4,000.

*Platinum—Jan. 529.0 (532.0), March 551.0 (546.5), April 556.0-558.0, July 579.0, Oct. 601.0-602.0, Jan. 622.0, April —. Sales: 1,863.

Potatoes (round whites)—March 143.9-14.1 (145.9). April 166.9-167.2 (170.0), Nov. 88.3-88.5.

§Silver—Jan. 1540.0 (1509.5), Feb. 1543.0 (1520.0), March 1560.0-1569.0, May 1611.0, July 1655.0, Sept. 1699.0, Dec. 1763.0, Jan. 1784.0, March 1826.5, May 1859.0, July 1911.5, Sept. 1954.0. Sales: 2,500. Handy and Harman bullion spot 1515.0 (1538.0).

Sugar—No. 11: March 27.90-28.00 (27.02), May 28.00-28.05 (27.24), July 28.10, Sept. 27.30, Oct. 26.90-27.00, Jan. 24.75-25.00, March 24.70, May 24.60-24.80. Sales: 11,197.

Tin—645.0-652.0 (651.0-659.0).

CHICAGO, January 20.

Chicago Imm Gold — Jan. 567.5 (562.3), March 579.0-579.0 (573.1), April 586.2, June 603.5-603.0, July 609.6, Sept 625.5, Oct. 632.7, Dec. 649.0, Jan. 655.7, March 671.0.

Lard—Chicago loose 20.25 (same).

Live Cattle—Jan. 62.00 (63.75), Feb. 64.87-64.90 (65.70), April 68.95-68.70, June 71.55-71.90, Aug. 72.35-72.15, Oct. 70.80, Dec. 72.70, Feb. 72.50.

Live Hogs—Feb. 45.70-45.75 (45.52), April 46.90-47.00 (46.55), June 52.10-52.05, July 53.20-53.25, Aug. 52.45, Oct. 51.00, Dec. 53.60, Feb. 58.90, April 56.90.

‡‡Maize—March 376½-376 (374¾), May 385¾-385½ (383¼), July 389¾-389½, Sept. 384, Dec. 377¾-378, March 387.

Pork Bellies—Feb. 52.60-52.35 (51.35), March 53.30-53.00 (52.35), May 55.55-55.50, July 57.40-57.60, Aug. 56.65-56.75, Feb. —.

Silver—Jan. 1541.0 (1498.0), Feb. 1547.5-1550.0 (1505.0) March —, April 1592.0, June 1640.0, Aug. 1678.0, Oct. 1721.0, Dec. 1764.0, Feb. 1807.0, April 1850.0, June 1893.0, Aug. 1936.0, Oct. 1979.0, April 2100.0, June —.

†Soyabeans—Jan. 766½ (758½), March 783-786 (778), May 812-814, July 833½-823, Aug. 842, Sept. 839, Nov. 845-846½, Jan. 866.

‖Soyabean Meal—Jan. 222.5-223.0 (220.7), March 229.8-230.0 (226.9), May 237.5-238.5, July 244.3, Aug. 246.5, Sept. 247.0, Oct. 245.0, Dec. 246.4, Jan. 249.0-250.0, March —.

Soyabean Oil — Jan. 23.62 (23.85), March 24.25-24.18 (24.37), May 25.10, July 25.95-25.85, Aug. 26.20, Sept 26.55, Oct. 26.90, Dec. 27.35-27.40, Jan 27.45-27.50, March 27.80-28.00.

†Wheat—March 493¼-494½ (493¾), May 503½-502½ (504), July 492½-493, Sept. 507, Dec. 523, March —.

WINNIPEG, January 19.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 283.55 (285.15).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

WINNIPEG, January 20. §Barley—March 156.80 (156.60), May 158.40 (158.00), July 158.50, Oct. 159.00, Dec. 158.80.

INDICES

FINANCIAL TIMES

Jan. 20	Jan. 19	Month ago	Year ago
256.56	256.86	263.37	205.65

(Base: July 1, 1952=100)

MOODY'S

Jan. 20	Jan. 19	Month ago	Year ago
1195.4	1203.1	1240.8	1414.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 20	Jan. 19	Month ago	Year ago
Spot	454.56	452.96	443.75	452.80
Fut'rs	457.34	459.05	465.99	438.15

(Average 1924-25-26=100)

REUTERS

Jan. 21	Jan. 20	M'nth ago	Year ago
1688.6	1692.7	1732.9	1769.8

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equity leaders rise for fifth successive session

Gilts also maintain firm trend but close below best

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 13
Feb. 9	Feb. 26	Feb. 27	Mar. 9

* "Now time" dealings may take place from 9 am two business days earlier.

Confidence about further falls in inflation and interest rates continued as the main reason for extended firmness in the two principal investment sectors of London stock markets yesterday. Small private investors again displayed enthusiasm for Government *securities and the* market, despite seeing a fair *volume of selling*, presented closing gains ranging to ½ among *medium and longer-dated* stocks.

Institutional funds were again directed towards the special low-coupon tap. Treasury 3 per cent 1985 "A," and the authorities sold further supplies of the £400m issue at 72¾, after having withdrawn at 72¾ on Tuesday. This development generated demand for other shorts but rises at one time extending to ½ were later reduced to minimal proportions following the London waterworkers' call for an all-out strike and the slight worsening in the seamen's dispute.

The labour problems were also responsible for a late reversal of the firm trend in equities. Interest in many leading shares remained abysmally small but defence stocks were fairly busy, the proposed spending cuts here being less harsh than expected. Institutional buyers were not completely idle and tended to concentrate on secondary stocks, *many of which achieved good* gains.

Stock was often in short supply and this contributed to the firm undertone which was *unaffected by Wall Street's* sharp overnight reversal ahead of the release of the U.S. hostages. Measuring the improvement, the FT Industrial Ordinary share index was a mere 0.4 better at 10.00 am and 4.1 up at 3.00 pm before closing with a gain of 3.1 at 461.7. In five trading sessions, this measure has recovered 15.7, or 3½ per cent.

The expiry of the January *series greatly boosted business* in the Traded option market *yesterday*. Dealers reported a much livelier trade and 2,224 contracts were arranged compared with the previous day's 984: yesterday was the busiest day since November 25. Over 330 deals were done in **BP**, while **Lonrho** recorded 268 trades and **Courtaulds** 258. **Land Securities** attracted 241 deals and **Consolidated Goldfields** 237. Reflecting the sharp rise in Cons. Gold's underlying price, the January 488 series closed at 8p having opened at 1½p.

Insurance firm

Reflecting a broker's favourable circular, Life Insurance issues moved up sharply. **Legal and General** led the advance with a rise of 12 to 205p, while improvements of 10 were seen in **Britannic**, 232p, **Equity and Law**, 341p, and **Pearl**, 412p. **Prudential** added 9 to 226p and **Hambro Life** 8 to 298p. Elsewhere, a brisk trade was transacted in **Royals** new nil-paid which closed 10 higher at 25p premium: the old gained 7 to 347p.

News that the group has formed a leasing division *attracted buyers to* **Manson Finance Trust** which closed 10 *up at a 1980-81 peak of 65p; the* interim results are due on *February 16. Among Hire Purchases*, **UDT** rose 3 to 53p to stand a couple of pence below the offer price proposed by Lloyds and Scottish. **Wagon Finance** hardened 2 to 41p and **Sterling Credit** a penny to 8½p. **Union Discount** eased to 500p on the annual results but rallied to finish unaltered at 510p. Easier conditions returned to the major clearers.

Reports that Ceramic Investments had placed 3.2m shares in **Blue Circle** at 333p per share left the latter 6 dearer at 342p. Stock shortages exaggerated gains among other leading Building descriptions. **Ready Mixed Concrete** rose 6 to 164p, **BPB** 7 to 225p and **Tarmac** 5 to 255p. Elsewhere, **Wilson (Connolly)** put on 12 to a 1980-81 peak of 128p on an investment recommendation, while further demand lifted **Crouch Group** 6 for a two-day gain of 14 to 156p.

Business in **ICI** *was small and* the price, a couple of pence *firmer at one stage, reverted to* 286p. Among other Chemicals, ***Leigh Interests*** *gained 7 to 155p* on a broker's circular.

Stores maintained a firm tone but the volume of trade was small. Among secondary issues, **A. Goldberg** added 3 to 67p but **W. L. Pawson** cheapened 2 to 18p as did **Executex**, to 28p.

Details of the Government's proposed cut-back in defence spending proved less severe than expected and led to a distinctly better trend in many Electrical shares. **GEC** improved 7 to 587p and **Plessey** closed a similar amount dearer at 270p while **Racal** firmed 5 to 308p. **United Scientific** were outstanding in secondary issues with a gain of *17 to 300p, while* **Unitech** rallied 10 more to 250p. **Muirhead** *regained 4 to 78p. News of the* proposed rights issue by way of *convertible loan stock caused* firmness in **Crystalate** which improved 4½ to 70p, but the *decision by Rowe Rudd, stock*brokers, to leave the Stock Exchange, unsettled the market in **Derritron** which touched 10p before recovering to close without alteration at 16p.

Leading Engineers rarely *strayed far from overnight* closing levels. Elsewhere, *revived buying in a limited* market left **Haden Carrier** 14 higher at 191p. *Despite poor* trading statements, **Saville Gordon** hardened a penny to 36p and **Symonds Engineering** 2 to 10p, but the sharp reduction in annual profits and the passing of the final dividend left **Camford** 3½ lower at 251p. Fresh offerings prompted a reaction of 10 to 115p in **British Aluminium**. **Davy Corporation**, at 150p, rallied 3 after the previous day's reaction of 5 which followed news that the company is to take legal action against the bid from **Enserch Corporation**.

Leading Foods closed with narrow *mixed movements after a* reasonable two-way business. **Tate and Lyle** *eased* a penny to 140p in front of today's preliminary *results*. Elsewhere, **Associated Fisheries** put on 4 to 58p *on revived speculative interest*, while **Singlo** added a penny to *20p following a Press mention*. **Somportex** advanced 25 to a *1980/81 peak of 615p*.

Trusthouse Forte touched 196p before closing 11 to the good at 193p on the satisfactory profits, increased dividend and the surprise one-for-two scrip issue. **Grand Metropolitan**, which announced better-than-expected preliminary profits last week, firmed 5 afresh to 157p.

Bowater below best

Miscellaneous Industrial leaders were *notable for a fresh* show of strength in **Bowater** which touched 190p *before closing* 7 up at 187p on Canadian drilling hopes. *Awaiting today's* results, **Rank Organisation** hardened 2 to 156p. *Elsewhere*, **AGB Research** jumped 12 to 237p, after 242p, in response to the increased interim dividend and profits and the favourable remarks about second-half prospects. **Ashley Industrial Trust**, a firm market ahead of the results, rose 7 for a two-day improvement of 13 at 56p on the good half-year figures, while **De La Rue**, at 695p, retrieved 20 of Monday's fall of 30 which *followed* adverse comment. Dry-cleaning and laundry issues were *favoured and* **Pritchard Services**, 115½p, and **Provincial**, 41½p, added 3 apiece; *the latter was* also helped by option business. ***Siebe Gorman*** *put on 7 to 167p* and **Stocklake** added 6 to 86p.

Associated Leisure shed 3½ to 123p on worries about the possibility of increaesd taxes on profits from gaming machines in the forthcoming Budget. Speculative *demand* lifted **Medminster** 3 to 53p, while **Anglia TV A** put on 5 *to 80p in response to the* good annual results.

Motor Components had **Flight Refuelling** 6 firmer at 250p and **Dowty** 2 dearer at 198p. **Automotive Products**, however, shed 3 to 45p on scrappy selling. Among Garages, **Lookers** added 4 to 39p, *the maintained dividend outweighing the sharply reduced* annual profits.

Oils lack support

Advertising concern **Saatchi and Saatchi** attracted fresh support and firmed 14 to 272p.

Among Properties, **Land Securities** firmed 4 more to 372p *and* **MEPC** 3 to 221p, the latter following the annual general *meeting*. The interim trading statement helped **British Land** to *add 1½ to 93½p*. **Daejan**, half-yearly results next Tuesday, *touched* 166p before closing 2 dearer at 164p, while **Greycoat Estates** gained 4 to a 1980/81 peak of 180p and **Westminster Property** put on 3 to 37p. Against the trend, **New Cavendish Estates**, formerly Lidstone, shed 20 to 305p in a thin market.

Fresh scattered offerings and continuing absence of support saw Oil shares drift to lower levels. **BP**, 394p, and **Shell**, 442p, gave up 10 and 12 respectively in the leaders. **Lasmo** reacted 18 to 680p, while **Sovereign** closed 17 down at 370p. On the other hand, revived demand in a limited market lifted **Silkolene** 24 to 273p and Press mention stimulated interest in **Marinex**, 5 to the good at 160p.

Golds up again

Among *Financials, continued* hid speculation left **Britannia Arrow** up 2½ more at 47½p. **Colmore Investments** improved 3 to 33p in line with the increased offer from Nesco, while **Centreway**, up 13 at 98p, reflected the sale of its holding in Colmore to Nesco. Fresh demand in a limited market prompted a rise of 13 to 388p in **English Association**.

Awaiting further developments in the bid situation, **Stag** *Line* hardened 5 more to 400p.

Sterling Knitting, up 6 at 38p in response to the increased interim dividend and profits, provided the only worthwhile movement in Textiles.

With the uncertainty of the U.S. hostages in Iran removed, *the bullion price moved ahead* sharply and encouraged further good gains in *South African* Golds.

The bullion price closed $13 firmer at $577.50 an ounce while the Gold Mines index rose 5.6 to 358.6.

The share market opened on a firm note, reflecting initial demand from Johannesburg. Thereafter persistent buying from all international centres *saw prices edge further ahead* before the market eased on light *selling from the U.S.*

The Anglo American mines due to announce *dividends tomorrow* attracted good support with gains of *around ¼ common to* **Western Deep**, £24½, and **Vaal Reefs**, £35. ***South African Lands*** put on 9 to 288p.

In South African Financials, the increased profits from the *Prieska copper-zinc mine* in the December-quarter boosted ***Middle Wits 30 to 790p***.

The strength of precious metals coupled with *a good rally* in base-metal prices prompted a substantial *recovery in London*-registered Financials, which closed only a *fraction below the* day's best.

Gold Fields touched 493p before closing a net 17 higher at 490p. *Charter were 13 firmer at* 215p, after 216p, and **Rio Tinto-Zinc** ended 8 *up at 403p, after* 405p.

Australians put on a good performance following the further decline in *overnight domestic* markets.

Bear closing and the general improvement in metal markets saw prices move ahead strongly in the after-hours' trade. In Golds, **North Kalgurli** rose 5 to 71p, while the leading base-metal producers showed **MIM Holdings** 6 to the good at 198p, **Bougainville** up 4 at 90p. Elsewhere, **Gopeng** gained 10 to 620p after the interim dividend. **Berjuntai** 10 to 265p and **Malayan** 3 to 104p.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday. January 20, 1981.

Hire Purchase	+ 4.57	Industrial Group	− 3.31
Discount Houses	+ 2.48	*Packaging and Paper*	− 3.32
Contracting, Construction	+ 2.47	Capital Foods	− 3.42
Food Retailing	+ 0.78	500-Share Index	− 3.46
Newspapers, Publishing	+ 0.03	Merchant Banks	− 3.47
Other Industrial Materials	− 0.25	Mechanical Engineering	− 3.56
Property	− 0.50	Brewers and Distillers	− 3.59
Other Consumer	− 0.71	Oils	− 3.94
Building Materials	− *0.74*	*Metals and Metal Forming*	− 4.22
Overseas Traders	− 0.85	Leisure	− 4.66
Insurance *(Life)*	− 0.90	Banks	− 5.08
Food Manufacturing	− 1.07	Health and Household Products	− 5.14
Shipping and Transport	− 1.43	Motors	− 5.35
Textiles	− 1.46	Electricals	− 5.56
Stores	− 1.87	Mining Finance	− 5.66
Tobaccos	− 2.28	*Engineering Contractors*	− 5.80
Financial Group	− 2.52	Other Groups	− 6.16
Consumer Group	− 2.60	*Office Equipment*	− 6.20
Insurance (Composite)	− 2.93	Insurance Brokers	− 7.93
All-Share Index	− 3.27	Chemicals	− 8.33
Investment Trusts	− 3.30	Gold Mines Index	−13.37

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Wed., Jan. 21, 1981					Tues., Jan. 20	Mon., Jan. 19	Fri., Jan. 16	Thurs., Jan. 15	Year ago (approx.)
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Index No.	Index No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS (211)	280.04	+0.9	15.18	5.90	8.02	277.57	274.60	273.00	272.28	229.71
2	Building Materials (27)	246.84	+1.0	18.79	6.99	6.34	244.35	239.25	238.88	237.65	220.57
3	Contracting, Construction (26)	417.38	+0.7	21.92	6.09	5.43	414.43	410.47	411.27	411.91	344.74
4	Electricals (27)	915.62	+1.3	9.92	2.87	12.42	904.12	898.33	829.89	838.13	582.62
5	Engineering Contractors (11)	377.59	+0.8	15.79	6.85	8.07	374.44	379.39	373.50	374.85	293.47
6	Mechanical Engineering (71)	166.42	+0.6	17.92	8.00	6.97	165.43	163.16	162.48	162.47	160.25
8	Metals and Metal Forming (13)	132.15	+0.5	20.21	12.63	6.26	131.54	129.45	129.75	128.61	158.69
9	Motors (21)	86.97	−0.3	23.53	9.71	4.92	87.25	86.67	86.93	87.81	113.03
10	Other Industrial Materials (15)	286.11	+0.5	16.01	7.48	7.41	286.75	282.36	278.74	277.55	0.00
21	CONSUMER GROUP (199)	233.36	+0.8	16.25	6.71	7.47	231.94	229.71	228.92	227.75	222.23
22	Brewers and Distillers (20)	258.18	+1.7	18.05	7.09	6.57	253.77	249.48	249.18	247.69	263.62
25	Food Manufacturing (23)	210.25	+0.7	18.74	7.49	6.34	208.84	207.45	205.96	204.58	201.42
26	Food Retailing (14)	471.34	+0.5	9.87	3.29	11.97	468.92	459.52	458.25	455.50	317.45
27	Health and Household Products (7)	251.24	+0.3	13.55	5.68	11.27	250.50	248.34	248.57	246.21	209.97
29	Leisure (22)	338.74	+1.0	16.33	6.59	7.70	332.75	328.64	327.38	323.55	293.51
32	Newspapers, Publishing (12)	427.61	+0.6	21.55	7.25	6.03	425.07	422.00	422.97	415.04	423.56
33	Packaging and Paper (15)	112.21	+1.3	28.78	10.02	4.02	110.76	110.51	110.52	108.94	124.72
34	Stores (44)	242.82	+0.2	12.25	5.19	10.69	242.37	240.97	239.22	238.15	219.07
35	Textiles (21)	123.90	+0.8	20.73	10.89	6.30	122.86	122.37	122.68	122.37	130.17
36	Tobaccos (3)	197.92	+1.5	29.00	11.76	3.92	195.05	193.57	194.06	194.06	216.71
39	Other Consumer (18)	236.45	—	16.21	9.07	7.61	236.44	236.51	235.78	234.13	0.00
41	OTHER GROUPS (78)	208.00	+0.5	19.08	8.23	6.26	206.95	205.25	205.41	207.50	199.72
42	Chemicals (15)	272.87	+0.2	21.44	9.72	5.46	272.36	271.17	274.88	276.16	295.70
44	Office Equipment (6)	95.75	+0.5	21.04	8.67	5.56	95.23	94.56	93.59	93.41	108.03
45	Shipping and Transport (12)	533.23	+0.7	14.37	7.05	8.53	529.81	520.59	520.58	518.82	427.63
46	Miscellaneous (45)	254.31	+0.9	17.42	6.70	7.07	252.17	249.71	250.06	252.85	235.24
49	INDUSTRIAL GROUP (488)	247.03	+0.8	16.26	6.53	7.45	245.05	242.55	241.91	241.24	224.77
51	*Oils (12)*	870.64	−2.4	27.56	5.94	4.04	891.99	890.61	893.45	871.68	697.18
59	500 SHARE INDEX	295.36	+0.1	18.65	6.50	6.25	296.20	293.87	293.80	291.10	262.51
61	FINANCIAL GROUP (118)	230.54	+0.7	—	5.78	—	228.64	227.09	222.66	227.25	192.19
62	Banks (6)	232.94	−0.6	43.92	7.32	2.73	234.32	232.09	236.65	234.31	221.72
63	*Discount Houses (10)*	295.97	−0.5	—	5.85	—	297.41	292.52	292.51	290.51	243.01
64	Hire Purchase (5)	208.96	+1.3	11.64	5.00	11.59	206.32	206.40	202.64	198.61	181.88
65	*Insurance (Life) (10)*	237.67	+3.9	—	5.55	—	228.69	227.06	228.18	225.30	159.67
66	Insurance (Composite) (9)	144.43	+1.0	—	8.10	—	142.94	142.06	143.93	142.29	127.49
67	*Insurance Brokers (9)*	295.83	+0.6	15.57	7.83	8.80	294.21	293.02	299.59	295.89	294.20
68	Merchant Banks (13)	143.39	+0.2	—	5.40	—	143.07	143.45	143.25	143.58	97.88
69	Property (45)	443.24	+0.5	3.32	2.77	41.94	442.82	438.10	435.73	436.53	342.64
70	Miscellaneous (11)	167.15	+0.2	16.41	5.53	7.74	166.79	166.30	166.70	166.16	127.50
71	Investment Trusts (109)	272.51	+0.1	—	5.53	—	272.57	272.04	272.12	272.01	219.42
81	Mining Finance (3)	221.83	+3.2	14.79	6.04	8.05	215.05	215.98	214.30	214.48	124.54
91	Overseas Traders (20)	425.68	+0.2	12.06	6.90	10.09	424.75	426.77	429.34	420.65	375.35
99	ALL-SHARE INDEX (750)	283.19	+0.3	—	6.30	—	282.43	280.49	280.79	278.51	245.12

FIXED INTEREST PRICE INDICES

	British Government	Wed., Jan. 21	Day's change %	Tues., Jan. 20	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.37	+0.05	107.31	—	0.89
2	5-15 years	108.81	+0.39	108.39	—	1.23
3	Over 15 years	112.89	+0.30	112.55	—	0.23
4	Irredeemables	127.22	+0.06	127.15	—	0.00
5	All stocks	109.42	+0.25	109.14	—	0.74

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Jan. 21	Tues., Jan. 20	Year ago (approx.)
1	Low Coupons	5 years	11.66	11.67	11.65
2		15 years	12.39	12.46	11.85
3		25 years	12.49	12.52	11.85
4	Medium Coupons	5 years	13.42	13.45	13.96
5		15 years	13.94	14.01	13.39
6		25 years	13.75	13.79	13.27
7	High Coupons	5 years	13.42	13.47	14.42
8		15 years	14.18	14.24	13.85
9		25 years	13.96	14.01	13.56
10	Irredeemables		11.58	11.59	10.93

		Wed., Jan. 21 Index No.	Wed., Jan. 21 Yield †	Tues., Jan. 20	Mon., Jan. 19	Fri., Jan. 16	Thurs., Jan. 15	Wed., Jan. 14	Tues., Jan. 13	Mon., Jan. 12	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.03	14.25	52.02	51.96	51.97	52.00	52.16	52.14	52.16	50.85
16	Investment Trust Prefs. (15)	51.35	13.15	51.35	51.55	51.55	51.35	51.15	51.15	51.15	47.96
17	Coml. and Indl. Prefs. (20)	68.10	13.19	67.93	67.86	67.86	67.87	67.99	67.99	67.99	62.01

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Royal Insurance 'New'	Nil/pd.	14	25pm	+10	31pm	10pm
Bowater	£1	9	187	+ 7	214	141
Britannia Arrow	25p	7	47½	+ 2½	48	20½
Shell Transport	25p	7	442	−12	522	314
Amax	$1	6	£16⅜	− ⅜	£25¼	£16½
BAT Inds.	25p	6	235	+ 3	295	223
Distillers	50p	6	186	+ 2	235	178
ICI	£1	6	286	—	402	282
Vaal Reefs	R0.50	6	£35	+ ½	£46⅜	£20⅝
Boots	25p	5	227	+ 1	258	158
BP	25p	5	394	−10	502	320
Commercial Un.	25p	5	139	+ 3	180	125
Racal Electronics	25p	5	308	+ 5	370	175
Trusthouse Forte	25p	5	193	+11	207	132
U.D.T.	25p	5	53	+ 3	69	35

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Stocks traded in for the call included Shell, Premier Consolidated, Austin Reed A, GKN, Armstrong Equipment, Lonrho, Bowater, *London Investment* Trust, Delta Metal, North West Mining, UDT, Geo. Wimpey, ICL, Dunlop, Wood Hall Trust, Britannia Arrow, Racal and De Beers. Puts were arranged in Tesco, First National Finance *and* Beecham, while double options were transacted in *Premier Consolidated*, Charterhall, Britannia Arrow and Provincial.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
45	F.P.	5/2	335	290	‡Amer. Comm. Inds.	290	−18	—	—	—	—
$100	F.P.	5/2	£41½	£37	‡Do. Notes 20%	£37	−1½	Q20%	—	84.5	—
610	F.P.	—	650	600	‡Cramphorn	650	.....	16.5	2.1	3.6	18.8
5	F.P.	—	7½	6½	‡Dunton 5p	7	.....	—	—	—	—
107	F.P.	12/1	134	115	Independent Inv. 25p	119	+2	—	—	—	—
70	F.P.	9/1	100	78	‡Midland Marts	90	+2	b3.75	2.0	6.0	12.0
100	F.P.	23/1	116	97	New Tokyo Inv Tst 50p	116	.....	—	—	—	—
50	F.P.	21/1	51	47	‡‡Pennine	50	.....	—	—	—	—
..	F.P.	9/2	74	72	Westpool Inv. Defd.	74	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue price	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price	+ or −
¶	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	103½	+½
*	F.P.	26/2	107½	106½	Chester Waterworks 9% Red. Pref. 1985	107	.....
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	105½p	.....
*	F.P.	26/2	107½	106½	East Anglian Water 9% Red. Pref. 1985	107¼	.....
*	F.P.	26/2	107¼	105¾	East Worcester 9% Red. Pref. 1985	107	.....
*	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	.....
96	£20		21	20¾	Iceland 14½% 2016	20¾	.....
£100	£50	30/4	46	41	Lon. Merchant Secs. 7½% CvUnsLn 2000-05	42	+1
99	F.P.	25/3	101	98½	Mid-Sussex W'rw'ks 14% Red. Deb. 1986-88	101	.....
..	F.P.	20/1	114p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	114p	.....
..	F.P.	21/1	100p	97p	Standard Industrial 11½% Pref	98p	.....

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1980/81 High	1980/81 Low	Stock	Closing prices p	+ or −
30	Nil	—	—	7½pm	6pm	Benlox	6pm	.....
115	F.P.	12/1	26/2	141½	134	Brotherhood P.	137	.....
164	Nil	29/1	13/3	10pm	5pm	Johnson, Matthey	5pm	.....
140	F.P.	19/12	30/1	176	154	KCA Intnl.	166	−2
25	F.P.	19/12	4/2	26½	25	L.K. Industrial	25	.....
SA1.0555 cts		—	—	75	32	North Kalgurli Mines	38	−1
25	F.P.	21/1	13/2	25½	25	Prestwich Parker	25½	.....
320	Nil	23/1	20/3	31pm	10pm	Royal Insurance	25pm	+10
60	F.P.	9/1	13/3	75	67	Security Centres	75	.....
145	F.P.	29/1	16/2	203	174	Warren Plants	199	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✡ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 6 12½% Cum. Pref.

FINANCIAL TIMES STOCK INDICES

	Jan. 21	Jan. 20	Jan. 19	Jan. 16	Jan. 15	Jan. 14	year ago
Government Secs.	68.72	68.53	68.53	68.05	68.06	68.47	68.93
Fixed Interest	70.36	70.35	70.32	69.96	70.24	70.33	69.47
Industrial Ord.	461.7	458.6	453.6	451.9	448.5	446.0	450.9
Gold Mines	358.6	353.0	350.8	360.4	366.3	356.6	311.6
Ord. Div. Yield	7.80	7.86	7.82	7.94	7.98	8.00	7.37
Earnings, Yld. % (full)	17.41	17.52	17.69	17.73	17.87	17.91	18.09
P/E Ratio (net) (*)	7.03	6.99	6.92	6.91	6.86	6.84	6.82
Total Bargains	19,573	20,061	20,656	20,542	19,667	20,117	23,616
Equity turnover £m.	—	76.68	85.83	104.36	100.29	118.98	107.68
Equity bargains total	—	11,485	14,562	14,277	13,676	15,191	16,738

10 am 459.0. 11 am 459.8. Noon 460.8. 1 pm 462.5. 2 pm 462.6. 3 pm 462.7.

Latest Index 01-246 8026.

*Nil=6.49.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'tn High	Since Compil'tn Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/6/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 21	Jan. 20
—Daily—		
Gilt Edged	103.8	133.3
Industrials	93.7	90.6
Speculative	32.2	23.3
Totals	66.9	67.8
5-day Avrge.		
Gilt Edged	129.8	135.1
Industrials	87.8	86.3
Speculative	30.0	31.9
Totals	66.8	66.7

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained New Highs and Lows for 1980-81.

NEW HIGHS (38)

BRITISH FUNDS (4)
Exchqr. 8½pc '81 — Treas. 8½pc '80-82
Exchqr. 8½pc '81 — Fndg. 5¼pc '82-84

COM'WEALTH & AFRICAN LOANS (2)
Aust. 5¼pc '81-82 — Zimbabwe Ann.

BANKS (2)
Arbuthnot Latham — Manson Finance

BUILDINGS (4)
Blockleys — Lovell (Y. J.)
Douglas (R. M.) — Wilson (Connolly)

STORES (1)
NSS Newsagents

ENGINEERING (4)
Haden Carrier — Hill & Smith
Hall (M.) — Jenks & Cattell

FOODS (3)
Avana Group — Somportex
Hazlewood

INDUSTRIALS (6)
AGB Research — Esperanza
BOC Intl. — Monsanto 5pc
Elec. Ind. Sec. — Smith & Nephew

LEISURE (1)
Medminster

PROPERTY (1)
Greycoat Estates

TRUSTS (8)
Crescent Japan — English Assoc.
Drayton Far Eastern — Haw Par
G.T. Japan — Martin (R. P.)
Britannia Arrow — Yorkgreen

OIL & GAS (1)
Silkolene

RUBBERS (1)
Malakoff

ELECTRICALS (4)
Arlen Elec. — Dreamland
Berec — Eurotherm Int.

ENGINEERING (2)
Brit. Aluminium — Camford Eng'g

HOTELS (1)
Rowton Hotels

INDUSTRIALS (8)
Cope Allman — Longton Ind.
Dom Hldgs. — Metal Box
Esselte AB — Triefus
Kleen-E-Ze — United Gas

LEISURE (1)
Ulster TV A

MOTORS (1)
Automotive

NEWSPAPERS (2)
Int. Thomson — Int. Thomson Cnv.

TEXTILES (1)
Gaskell Broadloom

TOBACCOS (1)
Rothmans

MINES (1)
Selitrust A

NEW LOWS (26)

AMERICANS (1)
Pennzoil

CHEMICALS (2)
Blagden & Noakes — Brit. Benzol

STORES (1)
Liberty N-V

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	72	2	21
Corpns., Dom. and Foreign Bonds	3	9	50
Industrials	288	154	938
Financial and Prop.	120	59	348
Oils	7	35	26
Plantations	2	5	38
Mines	81	52	60
Others	17	83	51
Totals	570	409	1,478

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM37.49	40.94	−0.05	—
Frankft. Effekt. Fd.	DM50.23	52.87	−0.26	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 | US$152.93 | ..... | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.75	1.80xd	.....	1.21
Anchor Gilt Edge	£9.07	9.14xd	.....	13.89
Anchor Int. Fd.	US$8.52	8.75xd	.....	1.70
Anchor In. Jsy. Tst.	39.0	41.7	.....	2.88
Berry Pac Fd.	US$60.38		.....	0.91
Berry Pac Strlg.	£3.15	3.3968	.....	1.26
G.T. Asia Fd.	HK$20.36		.....	1.23
G.T. Asia Sterling	£25.62	26.67	.....	1.56
G.T. Australia Fd.	A$38.87	41.30	−0.33	0.72
G.T. Bond Fund	US$12.35		+0.10	10.53
G.T. Dollar Fd.	US$12.99		.....	7.35
G.T. Dlr. (Strlg.) Fd.	13.49	14.05	.....	1.11
G.T. Invest. Fd.	US$17.64		−0.09	0.57
G.T. Japan Small Cos.	US$16.37		.....	—
Marianne (STG) Fd.	£10.71	11.30	.....	3.22
G.T. Technology Fd.	US$22.41		.....	—
G.T. Pacific Fd.	US$16.44		+0.13	2.13
G.T. Asean Growth Fd.	US$10.87	11.66	.....	0.45

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) | 91.0 | 96.0 | ..... | 12.75

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000

Guernsey Inc.	84.6	89.7	.....	5.33
Do. Accum.	114.5	121.4	.....	5.33
K.B. Eurobond Fd.	£8.91	9.01	.....	9.31
K.B. Far East Fd.	US$26.30		.....	1.52
K.B. Gilt Fund	£9.62	9.70xd	+0.03	12.58
K.B. Int. Bd. Fd. Inc.	US$93.30xd		.....	9.43
K.B. Int. Bd. Fd. Acc.	US$112.57		.....	9.43
K.B. Intl. Fund	$17.34		.....	2.04
K.B. Japan Fund	US$44.71		.....	0.56
K.B. Sterl. Asset Fd.	£12.14	12.15	.....	—
K.B. U.S. Gwth. Fd.	US$20.57		.....	1.83
Signet Bermuda	US$7.75		−0.12	1.99
Transatlantic Fd.	US$78.23		+1.70	1.82

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels
Eurinvest NAV | Flux1100 | −4 | —

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361

Laz. Bros. Int. Cap.	US$12.92	13.75	.....	0.10
Laz. Bros. Int. Inc.	1019.13	1053.38	.....	15.0

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	69.9	74.3	.....	2.45

Next dealing January 22.

Lloyds Trust Gilt	£9.21	9.22xd	+0.03	13.00

Next dealing January 28.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Intl. Growth	SF654.00	697.50	.....	0.50
Lloyds Int. Income	SF278.50	289.50	.....	6.20

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Jan. 20	US$7.25	7.72	.....	—
Aust. Ex. Jan. 21	US$3.43	9.93	−0.23	—
Gold Ex. Inc. Jan. 21	US$48.07	50.60	−1.79	9.45
Gold Ex. Acc.	US$60.57	63.76	−2.00	9.45
Island	150.6	160.3	+0.4	4.08
(Accum Units)	232.4	247.3	+0.6	4.08

Management International Ltd.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933

Fixed Interest Funds

Deutschmark Bd.**‡	9.19	9.76	+0.02	5.64
Dlr. Fxd. Int.**‡	US$7.82	8.32	−0.10	9.01
St. Fixed***‡	104.1	110.0	.....	12.72
Yen Bond	Y988	1051	.....	4.76

Equity Funds

Channel Capital★	83.3	87.7xd	+0.3	3.12
Internatl. Gr.*‡	US$13.05	14.11	.....	—
Far Eastern*‡	US$18.32	19.81	.....	—
North American*‡	US$7.18	7.68	.....	—
Sepro**‡	US$20.24	22.12	+0.08	—
Trust Channel Isl.★	72.2	76.0xd	+0.1	5.85

Commodity Funds

Commodity***‡	129.4	136.4	.....	—

Deposit Funds

St. Deposit***★	132.8	132.9	.....	0.19

*Prices on Jan. 19. **Jan. 21. ***Jan. 16. ****Jan. 15. ‡Weekly dealings. †Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds

£Equity	110.6	117.6	.....	—
$Equity	US$2.500	2.659	.....	—
£Fixed Interest	175.2	186.3	.....	—
$Fixed Interest	US$1.254	1.334	.....	—
£Managed	143.9	153.0	.....	—
$Managed	US$1.911	2.032	.....	—

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. | £10.4818 | 10.4812 | ..... |
Next subscription day Jan. 28.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

Asi. Inv. Tst. Jan. 14	US$20.32		.....	1.72
Asian Fd. Jan. 19	US$28.97	30.22	.....	2.15
Cheapside Jan. 19	US$11.42		.....	1.87
Darling Fd. Jan. 21	A$3.69	3.93	−0.02	4.59
Japan Fund Jan. 8	US$9.46	10.15	.....	0.49
Trafalgar Fd. Dec. 31	US$283.84		.....	—

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund | US$5.8042 | 6.3956 | ..... |

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Amer. Gth. Tst.	55.4	59.6xd	-1.4	2.49
Abbey Capital	42.3	45.9	+0.3	5.28
Abbey General	52.4	56.6xd	+0.4	5.82
Abbey Gilt & F.I. Tst.	104.5	110.0xd	+0.1	11.91
Abbey Income	31.6	34.2xd	+0.7	10.26
Abbey W'Wide Bd Tst.	91.0	96.3	-0.1	6.96
Abbey Inv. Tst. Fd.	47.4	51.2	-0.2	4.96
Equitas Prog. Tst.	75.5	81.6	+0.4	5.01

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	87.1	91.6	+0.3	13.10

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	83.7	89.6	+0.4	6.44
Brit. Inds. Fund	71.8	76.8	+0.3	6.95
Growth & Income	47.2	50.5xd	+0.2	5.35
Elect. & Ind. Dev.	41.4	44.3	+0.2	5.64
Allied Capital	90.2	96.5	+0.4	4.56
Hambro Fund	124.1	132.8	+0.7	6.51
Hambro Acc. Fund	170.9	182.9	+0.9	4.98

Income Funds

High Yield Fd.	60.3	64.5	+0.1	9.60
High Income	74.0	79.2	+0.3	8.02
A. H. Eq. Inc.	41.9	44.8xd	+0.2	8.17
Govt. Secs.	25.1	25.8	+0.1	12.13

International Funds

International	33.1	35.4xd	-0.4	2.80
Pacific Fund	63.6	68.0xd	+0.2	1.21
Secs. Of America	68.1	72.9	-1.6	2.19

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.2	36.3xd	+0.2	12.39
North American	57.5	62.2	-1.4	2.77
Canadian Exempt*	62.6	66.2	----	3.53
Canadian Trust	63.0	68.2	-0.9	2.62
Mid Mount High Inc.*	46.0	48.7	----	9.91
Recovery	55.5	60.6	+0.3	7.11
Gilt Trust	42.5	44.5	+0.1	13.00

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.0	41.0	-0.9	0.91
Cres. Internat'l.	73.3	79.1	-0.4	1.82
Cres. High. Dist.	39.3	42.4	+0.2	11.50
Cres. Reserves	47.5	51.3	+0.4	5.60
Cres. Tokyo	31.1	33.3	+0.6	0.93

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.5	----	9.97

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Jan. 9	215.6	230.0	----	5.76

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6xd	----	9.05
Gt. Winchester O'seas	25.1	27.9xd	----	4.01

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	----	6.80

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	83.6	88.0	+0.2	4.92

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	31.0	33.6	-0.8	0.85
Amer. Spec. Sits. (z)	23.7	25.7	-0.5	0.92
Gilt + Fixed Int.	24.6	25.9xd	+0.1	12.46

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or -	Int.	Red.
93¼	82¼	Aust. 5½pc '81-82	93¼	+¼	6.07	13.34
85¼	72½	Do. 6pc 1981-83	84	-¼	7.21	13.26
67¼	59	N.Z. 7½pc 1988-92	64	.....	11.39	15.51
82¼	72	Do. 7½pc '83-86	73	-¼	9.72	13.55
98	88	Sth. Africa 9½pc '79-81	97½	-½	9.95	15.35
160	95	S. Rhod. 2½pc Non-Ass.	123	+1	—	—
50	31	Do. 3½pc 60-65 Assd.	48	-2	7.59	23.00
52	20½	Do. 4½pc 87-92 Assd	29xd	-1	15.51	21.60
381	270	Zimbabwe Ann (£100pa)	381	+1	—	22.75

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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